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• (1630)

[*English*]

The Chair (Mr. Kelly McCauley (Edmonton West, CPC)):
Good afternoon, everyone.

I call this meeting to order.

Welcome to meeting number 125 of the House of Commons Standing Committee on Government Operations and Estimates, which even Minister Duclos recognizes as the mighty OGGO, the only committee that matters.

Very quickly, regarding your earpieces, as always, please keep them away from the microphones, especially when not in use. There is a card provided for every MP. Please read that and follow along in order to protect our very valued interpreters.

Colleagues, today we have Minister Duclos with us. We'll go through our rounds, and then we will welcome the other minister. Canada Post will be with us for the last hour and a half or hour and 45 minutes, and then we have to get to the estimates votes before we finish up. I'm hoping we can get to the estimates votes at about 8:10. We'll see where we are in the rounds.

We'll start with Minister Duclos for five minutes.

Welcome back, Minister. The floor is yours.

[*Translation*]

Hon. Jean-Yves Duclos (Minister of Public Services and Procurement): Thank you very much, Mr. Chair.

I'm very pleased to be with you here today. Thank you for the lovely invitation to participate in your meeting.

Before we begin, I would like to acknowledge that we are gathered on the traditional, unceded territory of the Algonquin Anishinabe people.

With me today are officials in important positions, including Ms. Arianne Reza, deputy minister of Public Works and Government Services, and Mr. Scott Jones, president of Shared Services Canada.

Also with me today is Mr. Matthew Tapscott, executive vice president and chief financial officer of Canada Lands Company Limited. This is a very important company in terms of investments in affordable housing. We may get to that issue today.

With me as well is Ms. Rindala El-Hage, vice president of finance and controller of the Canada Post Corporation, as well as many other officials who are here to serve you.

Public Services and Procurement Canada, or PSPC, is seeking a net increase of \$448.6 million, bringing the total opening net budget to approximately \$4.8 billion for 2024-2025.

Of that amount, more than \$3.3 billion will be spent on property and infrastructure activities, including major rehabilitation projects across Canada.

For Shared Services Canada, or SSC, reference levels will decrease by \$112 million for a total of \$2.48 billion.

As you know, SSC is working with central agencies, partners and clients to build an efficient and modern information technology framework, with defined and optimized processes, as well as consolidated systems and networks.

[*English*]

PSPC and SSC have many priorities, including continued efforts to modernize procurement with a focus on simplifying processes and increasing support for small and medium-sized enterprises.

As this committee is well aware, the government is also reducing spending on professional services by 15%, and that work is well under way. For the remaining contracts in this area, we are improving oversight and integrity. That is why PSPC has made important process changes to ensure decision-making and controls associated with professional service contracts uphold the highest procurement standards.

Earlier this year, along with the President of the Treasury Board, I announced a series of new actions to strengthen the government's procurement and integrity regimes. I am pleased to update the committee on PSPC's new office of supplier integrity and compliance, which will formally come into being in just two days, on May 31. This will allow us to better respond to supplier misconduct and unethical behaviour.

[*Translation*]

Of course, service delivery remains one of our priorities.

At PSPC, that includes resolving outstanding pay issues for public servants and advancing work on the next generation pay and human resources system. Federal public service employees deserve to be paid correctly and on time.

At SSC, all efforts are made to ensure that departments are equipped with the digital tools they need to deliver programs and benefits to eligible Canadians. Furthermore, SSC will continue providing the technological services that allow public servants to work collaboratively and seamlessly across government.

• (1635)

[English]

Of course, one of our top priorities is to continue to support our government's response to the housing crisis. We've already taken action to accelerate the process of turning federal lands and buildings into housing. With our new public lands for homes plan, which we announced in budget 2024, we have the potential to unlock hundreds of thousands of new, affordable homes.

PSPC is leading on this plan, and work is already well under way. The plan includes identifying and even acquiring underutilized public lands and leasing them out to ensure they are set aside for the building of affordable homes that Canadians need.

Mr. Chair, we also continue to work in close collaboration with key partners to implement the Canadian dental care plan, which is already making oral health care more affordable and more accessible to middle-class and lower-income Canadians.

[Translation]

Since the launch of the Canadian Dental Care Plan, more than two million seniors successfully completed their application. To date, more than 120,000 claims have been processed. Beyond the numbers, seniors can now take better care of their oral health and respond to dental needs neglected too often, for too long.

Mr. Chair, those are but a few examples of important ongoing work.

I am now happy to answer your questions.

[English]

The Chair: Thank you, Minister.

We'll start with Mrs. Block for six minutes, please.

Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC): Thank you, Chair.

Through you, I will welcome the minister and ask the following question.

Minister Duclos, under this Prime Minister and this Liberal government—and, more specifically, you as the former president of the Treasury Board and now the Minister of Public Services and Procurement—we have seen an increase in wasteful spending and corruption in the number of billions of dollars, and dozens of investigations, including by the RCMP.

In fact, your own departmental plan has noted that fraud and other wrongdoing remain a key risk for your department. How much more contracting fraud has been discovered in your department?

Hon. Jean-Yves Duclos: You are noting quite well that this department is key to making the lives of Canadians better and more affordable. That is the focus of this department, PSPC, and Shared Services.

As we do that, as you also note, we need to make sure the process and the processes are rigorous. If there were to be fraud and wrongdoing, they would be first identified and then punished in the proper way.

Mrs. Kelly Block: Thank you.

Has the RCMP interviewed any government officials in your department?

Hon. Jean-Yves Duclos: Well, you would need to ask the RCMP for reliable information. Obviously, the RCMP doesn't respond to political interference and pressure. The right people to ask the question to would be the RCMP.

Mrs. Kelly Block: But you are aware of the investigations that have been undertaken by the RCMP: Is that correct?

Hon. Jean-Yves Duclos: We are all aware of such investigations and we obviously fully support whatever RCMP efforts need to be supported and—

Mrs. Kelly Block: Thank you.

Hon. Jean-Yves Duclos: —we are there to help their difficult job.

Mrs. Kelly Block: In your opening remarks, you mentioned the creation of a new office to address supplier misconduct. What about misconduct within your own department?

[Translation]

Hon. Jean-Yves Duclos: That is an excellent question.

I will summarize what the Office of Supplier Integrity and Compliance will do.

The Office will increase the number of offences and issues the department can work on, such as corruption, funding terrorism, human trafficking and violating election laws. It will also collect more data and process it more efficiently.

[English]

Mrs. Kelly Block: Minister, I am speaking specifically about issues within your own department.

Hon. Jean-Yves Duclos: It is indeed an office that will be able to look into the department's activities, but also beyond and also in collaboration with other governments and other countries, which is something that is not possible at this time.

Mrs. Kelly Block: Thank you.

Are you aware that deputy ministers across different departments have suspended public servants who worked on ArriveCAN that are not agreeing with their narrative?

• (1640)

Hon. Jean-Yves Duclos: That's an important question to ask those departments, ministers and deputy ministers, as we are all... We all follow the news. We are indeed aware of such events.

Mrs. Kelly Block: Is there any responsibility on the part of your office to weigh in on these matters or to pay particular attention to what is happening across the public service?

Hon. Jean-Yves Duclos: All departments, all ministers and all deputy ministers have the same obligation. If there is misconduct to be found within their public service, they are obligated—and we expect them to do that—to look into the matters and to punish in whatever appropriate way that ill behaviour.

Mrs. Kelly Block: Thank you.

We have seen Canada Post running higher deficits year after year as they struggle to make strategic changes to address the changes in the market, yet Canada Post has not had its corporate plan approved since 2019, prior to the pandemic. What has kept your government from approving a new corporate plan for Canada Post?

Hon. Jean-Yves Duclos: Canada Post has the responsibility—and it's a difficult one—to deliver services across our country: Its purpose is a service first purpose. It needs to be fairly treating all Canadians regardless of where they live, and in remote and rural areas in particular, something that other organizations and private corporations in particular sometimes are unwilling or unable to do.

We understand that the demand for mail has been falling over the last 20 years, falling by approximately 50%. They also serve more addresses, about three million more addresses in the last 20 years, so that is putting financial pressure on them.

Mrs. Kelly Block: Thank you.

Hon. Jean-Yves Duclos: We are obviously working with them to make sure that they keep meeting their heavy responsibilities while doing this in a financially sustainable manner.

Mrs. Kelly Block: It has also been reported many times that the government is looking to move on from the Phoenix pay system and that trials are being run at certain departments with the new system, NextGen, I believe. Would you be able to provide this committee with the names of the companies that bid on the contracts for the new system, how they were ranked and which departments they are currently running trials in?

Hon. Jean-Yves Duclos: It may proceed in two quick phases. First, there is the objective of all of that, which is precisely and obviously the objective of serving public servants and paying them on time and accurately as they serve Canadians through their jobs. As we do that, we also need to consider the next path, which is—as you noted—NextGen.

Mrs. Kelly Block: Minister, I appreciate the objective. I think we're all aware of what you're trying to accomplish by moving to a new system. However, I'm asking if you would provide me with the names of the companies that bid on the contracts for the new pay system, how they were ranked and which departments they are currently running trials in.

Hon. Jean-Yves Duclos: We will do that with great pleasure.

The Chair: I will have to interrupt you, Minister. We are out of time. Perhaps you can provide that in writing to the committee.

Mrs. Atwin, please go ahead for six minutes.

Mrs. Jenica Atwin (Fredericton, Lib.): Thank you very much, Mr. Chair.

Thank you to my colleagues and to the minister and his team for being with us this afternoon.

It wasn't so long ago that you came to visit me in the riding of Fredericton, and we went to the Stepping Stone Senior Centre. We had a great conversation around dental care. Of course, I know that, according to the 2024-25 departmental plan, the Canadian dental care plan will be a key area of focus for Public Services and Procurement Canada. I'll take my time today to kind of delve into this really important program for Canadians.

Specifically, we were speaking to seniors, and many of them had questions and concerns. You were able to answer those questions for them and really bring assurances because in my home province of New Brunswick, 57% of those over the age of 65 do not have dental insurance.

Could you explain how the Canadian dental care plan will address the needs of vulnerable populations, such as low-income children, seniors and people with disabilities?

Hon. Jean-Yves Duclos: That's a wonderful question, and it was a wonderful visit that we were able to do together.

We heard directly from seniors, something that other members of Parliament may not have heard recently, certainly not the Leader of the Opposition, Pierre Poilievre, who claimed on local radio in my region just a few days ago that this dental care plan didn't exist. He repeated that several times. He was asked about whether he would scrap it, and he said that he couldn't talk about it because it doesn't exist.

Well, there are two million people registered in the dental care plan across Canada, many of them in your own riding. More than 100,000 vulnerable seniors have been able to get care since May 1. That is remarkable.

The reason we don't speak about this is because it's going really well. Obviously, there are some on the other side of the House who would prefer not to speak about it and not to see that it's working, and some are pretending it doesn't exist.

However, for seniors in your riding, Jenica, it makes a great deal of difference. Some of those seniors we met told us that they hadn't been able to visit a dentist or a denturist for years because they didn't have the money to do that.

Now, that is leading, unfortunately, in too many cases, to much worse health outcomes. The longer these seniors have waited, the more difficult, the more costly and the more painful it is for dentists, hygienists and denturists to treat their oral health situations.

It was remarkable to visit those seniors with you, Jenica. I applaud your leadership. You were there before the plan was in place. Seniors were listening to you and asking if it was really going to happen. It is happening, thanks to your leadership and that of many others.

• (1645)

Mrs. Jenica Atwin: I know that New Brunswick is having a challenge in getting our dentists to sign up. This is something that we'd certainly like to address.

We know that last month Dr. Matthew Moore, former president of the New Brunswick dental association, told CBC that he'd already taken on a lot of the work of answering patient questions.

I think there seems to be a lot of misinformation out there. We're seeing many of our colleagues actually talking down the program, which isn't helping spread the word of what this can actually offer to Canadians across the country.

If you could address the dental association in New Brunswick, what would you tell them? What advice would you give them as far as encouraging their membership to really get on board with this, I think, transformative program?

Hon. Jean-Yves Duclos: I'd love to be a New Brunswick MP. Unfortunately, I can only be a Quebec MP, so I can talk to you about what I hear in my riding. I've been visiting dentists for the last few weeks. They are surprised at how well it goes. It's simple. It's fast. They get paid in less than two days and sometimes in less than 24 hours. Now their queries are quickly answered.

They are seeing patients they should have been seeing many months and many years ago. Fortunately, these patients now come to their offices. In Quebec, more than 60% of dental providers have now registered.

We know that it's more challenging in other parts of Canada, including in New Brunswick, so I would invite all New Brunswick dentists, hygienists and denturists.... They're all good and well-intentioned, but unfortunately, they've suffered from some of the disinformation that Conservative MPs, in particular, have been spreading over the last few weeks.

Mrs. Jenica Atwin: I'm really glad you mentioned the dental hygienists as well because they've really been champions for us in New Brunswick on this program, so I give a shout-out to the incredible independent dental hygienists out there.

Minister, you also mentioned a bit about the health benefits of regular access to dental care, but I'm sure there are also economic benefits to this piece as well.

Could you be more specific about how this can impact individual lives?

Hon. Jean-Yves Duclos: Health is health care, and health care is health. Dental health and oral health care are absolutely essential when it comes to looking after your global health. Experts, hygienists and dentists in particular have pointed to the fact that good oral health reduces the risk of diabetes. It reduces the risk of cardiovascular disease. It reduces the risk of generalized infections, and reduces the risk of people not being able.... It increases the risk of cancer as well, and many other things that are connected to the

mouth. Our mouth is obviously connected closely to the rest of our body.

Investing in oral health care is a good way to improve overall health. What we're also finding is that, by providing for better oral health of Canadians, we avoid having those Canadians having to go to the emergency department and emergency surgery, which would cost a fortune to the health care system and would make the lives of everyone a lot worse off.

Mrs. Jenica Atwin: It's absolutely part of preventative health care, and it certainly could potentially reduce costs down the line as well for our government.

I have 15 seconds left, but I thank you again, Minister, for being here with us today.

Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC): On a point of order, I wonder if the Minister can clarify something.

Did he just testify that the the mouth is connected to the rest of the body?

The Chair: That's not a point of order.

We'll go to Mrs. Vignola for six minutes, please.

Mrs. Julie Vignola (Beauport—Limoilou, BQ): May I proceed?

Thank you.

[*Translation*]

Mr. Duclos, Ms. Reza, Mr. Tapscott, Ms. El-Hage, thank you for being with us.

My first question is on divestment of land and real property to turn it into social housing, which is good news in and of itself. No one is against apple pie.

That said, in the very recent past, it so happens that the government challenged the taxes paid on some of those lands and won in court. I'm thinking here of Chelsea, where taxpayers have to pay several hundred dollars more per year.

Which laws will apply to federal lands and properties transformed into housing, particularly social housing: federal laws or those of Quebec and the Canadian provinces?

• (1650)

Hon. Jean-Yves Duclos: That's a very good question.

You are alluding to the fact that budget 2024 proposes more tools, specifically for the Canada Lands Company, National Defence, Canada Post and my department, Public Services and Procurement Canada, beyond the traditional tool of selling these lands and buildings.

In some cases, selling is the simplest or most useful tool. However, in other cases, it is faster and more useful, especially in the long-term, to retain ownership of these federal lands and buildings and, for example, make them available to nonprofit organizations, municipalities, housing co-operatives or businesses.

Thanks to emphyteutic leases, for example, these organizations can access these lands and buildings to build the housing we need faster and at a lesser cost.

Mrs. Julie Vignola: I will repeat my question. Will federal legislation and regulations, or those of Quebec and the provinces, apply to the lands targeted by these new tools?

For example, will Quebec's legislation on housing apply?

Will municipal taxes be paid based on the value of built or converted real property? Will the other residents have to pay the difference, if ever the federal government decides again to challenge the role of assessing property?

Who will apply the regulations and take precedence?

Hon. Jean-Yves Duclos: It will be the legislation that normally applies, meaning a combination of municipal, provincial and federal legislation, depending on the case. There may be considerations linked to urban planning, construction regulations or the National Building Code. Lands may be used by a variety of residents or be the object of a variety of partnerships. From a fiscal point of view, obviously, municipal, provincial and federal legislation will apply.

That means upholding a combination of laws, as is already the case, although it's rather rare, when land or a building is under federal ownership and other organizations benefit from it through the use of appropriate leases.

Mrs. Julie Vignola: Can you assure me that the role of assessing real property built on federal land won't be challenged, as is currently the case in Chelsea? Is that a guarantee that municipalities in Quebec and Canada can't have?

Hon. Jean-Yves Duclos: What I can assure you of is that everyone will work together. In Canada, and more specifically in Quebec, everyone is concerned about the housing crisis. We must build affordable housing faster and at a lesser cost for families who need it. Everyone is on the same wavelength on the issue, and everyone is being co-operative. The Canadian government is there to support the government of Quebec. The government of Quebec supports municipalities. We will continue the excellent collaboration we need in Canada in 2024.

Mrs. Julie Vignola: In the case of Chelsea, it went all the way to courts of justice, in spite of any collaboration. The quality of this collaboration is, in my opinion, rather ambiguous, but I won't spend any more time on it. That said, let's hope that the past is not a guide to the future.

In the budget, funds are requested to improve the Translation Bureau's capacity. Furthermore, new tools were acquired, specifically GCLingua. That's good news, because we're short on interpreters. That said, it leads me to ask the following question: Will interpreters lose their jobs because we're using GCLingua instead of human beings?

• (1655)

Hon. Jean-Yves Duclos: I am very pleased with that question, Ms. Vignola.

[English]

The Chair: You have 25 seconds.

[Translation]

Hon. Jean-Yves Duclos: First, we recognize the needs and challenges in translation and interpretation. Translators and interpreters are also very familiar with these challenges. We are increasingly aware of them, because we are increasingly aware of the importance of interpretation and translation work and practices.

Second, budget 2024 includes significant investments, meaning \$35 million, as well as grants to train more students in interpretation and translation.

Finally, we will make the lives of interpreters safer and, in some cases, better, by making tools available to them which they can use depending on the nature of their work and their needs.

[English]

The Chair: Thank you very much.

Mr. Bachrach, go ahead, please.

Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP): Thank you, Mr. Chair.

Thank you, Minister, for being with us today. I appreciated your enthusiasm for dental care.

In your response to Ms. Atwin, you very correctly stated that the mouth is part of the body. I would add, more importantly—and here Mr. Genus took great umbrage to that statement—I think what you were trying to get at is that oral health is integral to people's overall health. When people's teeth are in bad shape, eventually, they can end up in our hospitals and our emergency health system, and they can see a whole suite of really challenging situations.

I want to thank you for your support, but I have to say I am a bit confused, because in 2021, Jack Harris, my former colleague and a wonderful MP from St. John's East, brought forward a motion that read:

That, in the opinion of the House, the government should establish a federal dental care plan as soon as possible for Canadian families earning less than \$90,000 per year who are not covered by a dental care plan...

I'm looking here at the voting record, and there's a Mr. Duclos who voted nay to that motion. I'm all for people having a change of heart, seeing the light and enjoying the road to Damascus. I'm just wondering what changed your mind.

Hon. Jean-Yves Duclos: Let me start with the partial joke of MP Genus. That's fine. We can have fun. However, it's a serious matter for many seniors when it comes to feeling the pain that comes with not having good oral health.

Mr. Taylor Bachrach: Absolutely.

Hon. Jean-Yves Duclos: Yes, you can make jokes about that, but in the end, it's something that will be very important to 9 million Canadians in total by the time this is fully implemented in 2025. We'll see whether we keep joking or smiling about this particular matter.

The second thing is that, yes, there are priorities that were adjusted over time. One of them is investing in dental care. Your partnership at the NDP was crucial. Without you, we couldn't have done that, because we are in a minority government and the Conservatives are against it—the Bloc is too. The only way to make that real.... It's now real, contrary to the view of Pierre Poilievre, who says this is not in existence. It's there. It's changing the lives of seniors.

Because of your leadership and partnership, we've been able to do that. We'll keep putting in as our priorities the things that matter to Canadians as we move forward.

Mr. Taylor Bachrach: It's appreciated by the millions of Canadians who are going to benefit. I think the reason I brought up Mr. Harris' motion was that that was in 2021, and in the three years that have passed between that motion being tabled and voted on and being defeated, and the eventual creation of the dental care program we now see rolling out, thousands of Canadian seniors and people with disabilities and young people needed dental care very much.

While we appreciate that your party has finally recognized the incredible benefits of public dental care, man, it would have been nice to have it start three years earlier and have all those people get the care they need.

Mr. Chair, how many more minutes do I have? I know the time flies. I have two and a half minutes.

I'll shift to the issue of Canada Post. Of course, since your last visit to committee, we've seen the annual report from Canada Post and the fact that the corporation has lost over three-quarters of a billion dollars. I believe that's the greatest deficit in the corporation's history, and at the same time we see in rural Canada some real challenges from the loss of rural post offices. You and I have spoken about this. This is affecting communities right across the country.

Every year you provide a letter of expectation as minister to the head of Canada Post, which is an arm's-length Crown corporation. In those letters of expectation, has the minister responsible ever expressed specific concern about the closure of rural post offices in this country?

• (1700)

Hon. Jean-Yves Duclos: Since you spoke about the things we are doing for Canadians, since 2021 we've put into place universal day care in Canada.

Mr. Taylor Bachrach: Minister, it's a serious question. It's a very specific question about the letter of expectation. I don't want to hear an answer about child care.

Hon. Jean-Yves Duclos: I know you, Taylor. I know how good and focused—

Mr. Taylor Bachrach: And serious I am—

Hon. Jean-Yves Duclos: —and engaged you are. It is not that we haven't done anything since 2021.

Mr. Taylor Bachrach: No, I didn't say that in my question.

Hon. Jean-Yves Duclos: In many cases, you were supporting or even leading on some of these files. I want to acknowledge that, Taylor, because—

Mr. Taylor Bachrach: I appreciate it.

Hon. Jean-Yves Duclos: —you're progressive. You're an engaged and credible person.

Now, on post offices and the rural moratorium in particular—

Mr. Taylor Bachrach: It's about the letter of expectations, specifically.

Hon. Jean-Yves Duclos: —and the letter of expectations. Yes, every year there is a letter of expectations that states not only the expectations but also the objectives that we believe Canada Post should be striving for.

Now, we understand that Canada Post is independent and sometimes needs to, as we discussed last time, adjust to situations that are either not predictable or not controllable, such as retirement, deaths and fires, and all of these things that sometimes occur and make it difficult for Canada Post to maintain rural post offices in particular.

However, that's not only the expectation that we are setting for them, but also the....

Mr. Taylor Bachrach: Mr. Chair, I know my time is running out. It's probably run out.

The Chair: Your time is out.

Mr. Taylor Bachrach: Can I just finish with a couple of words? Since your government put a moratorium in place in 1994, we've lost over 500 rural post offices. My question was a very specific one, and I'm disappointed that you did not provide a clear answer.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Bachrach.

We have Mr. Brock for five minutes, please.

Mr. Larry Brock (Brantford—Brant, CPC): Thank you, Chair.

Minister, over two months ago, on March 20, you appeared at committee, and you and Minister Anand announced to Canadians that collectively you had discovered, through a mix of tips and advanced data analytics, three subcontractors who were engaged in fraudulent billing over 36 separate government departments, totalling close to \$5 million. All three had been referred to the RCMP.

Ms. Reza, during one of her last appearances, actually gave us the names of those three subcontractors. They weren't companies per se, but rather individuals.

My question to you is this. I know there's been an ongoing dialogue between you, sir, your department, and the RCMP. Have the RCMP confirmed that those three individuals have been criminally charged, yes or no?

Hon. Jean-Yves Duclos: Well, we need to distinguish two things—first, the work of my department and, second, the work of the RCMP. As you noted and summarized quite well, on March 20, it was made public that there were investigations.

Mr. Larry Brock: Sir, that's fine. Has the RCMP confirmed with you or a member of your department that the three referrals have resulted in criminal charges, yes or no?

Hon. Jean-Yves Duclos: As I was going to say, as for what pertains to the RCMP, it's for the RCMP to answer.

Mr. Larry Brock: You don't know the answer.

Hon. Jean-Yves Duclos: I wouldn't be able to speak credibly on behalf of the RMCP.

Mr. Larry Brock: That's fine.

You indicated back then that this was only the first wave of what you expected to be a series of discoveries. You indicated at that time there were five to 10 further cases being examined.

Of those five to 10, have referrals been made to the RCMP?

Hon. Jean-Yves Duclos: That is because, as you noted, on March 20 there was also another piece of good news, which was the creation of the office of—

Mr. Larry Brock: I don't care about the good news, sir.

Of the five to 10 that you identified over two months ago, have any of those companies been referred to the RCMP, yes or no, sir?

Hon. Jean-Yves Duclos: As I have said, RCMP matters are RCMP matters.

Mr. Larry Brock: Sir, this is a decision you or your ministry would make to the RCMP. The RCMP on their own don't initiate the investigation based on your internal review. They rely upon your referral.

Again, for the third time, sir, of the five to 10 cases, have any of those been referred to the RCMP?

• (1705)

Hon. Jean-Yves Duclos: Again, the March 20 announcement was important. You listened to it carefully, obviously, and you understood it well.

As you also noted, there are investigations on a number of others, the estimate being between five and 10. I am not privy to those conversations.

My job cannot make me politically involved in that type of work because it would be political interference.

Mr. Larry Brock: It's not a political decision, sir.

Sir, you indicated that your department had identified five to 10 other cases of suspected fraudulent, criminal activity. This is not a hard question to answer, sir. Surely the investigation that was started over two months ago must be finished by now.

The question is very simple, sir. I will ask it for the fourth time.

Of those five to 10 investigations that your department started, have any of those been referred to the RCMP?

Hon. Jean-Yves Duclos: When that information is known, it will be made public by the RCMP, presumably, or by the integrity—

Mr. Larry Brock: Can you tell us, sir, with respect, please?

This is not question period, sir. This is committee. This is where we actually hope to get answers from government officials.

The answer, sir, is a yes or no. Did you or a member of your department refer any of those five to 10 cases to the RCMP?

Hon. Jean-Yves Duclos: The answer, when it comes and if it comes, will come from independent officers and not political representatives.

Mr. Larry Brock: Minister, why can't you answer the question?

Hon. Jean-Yves Duclos: MP Brock, you wouldn't want a politician, including yourself, mingling with matters of an ongoing investigation—

Mr. Larry Brock: Sir, you had no problem identifying three—

Hon. Jean-Yves Duclos: It wouldn't be appropriate. You now this really well.

The Chair: Hold on for one moment, please, both of you. I have a point of order.

I have stopped the clock.

Mr. Majid Jowhari (Richmond Hill, Lib.): I would appreciate it if my colleague, MP Brock, allowed the minister to finish.

The Chair: We have brought this up many times. That's not a point of order. We do allow members to have their time. Mr. Brock has been very clear with his questions. I think he and members of this committee deserve a very clear answer.

Minister, go ahead.

Mr. Brock, I'm restarting the clock.

Go ahead.

Mr. Larry Brock: I'm going to ask the question, Chair.

Minister, you and Minister Anand had no difficulty identifying three subcontractors that you referred to the RCMP, but now you have great difficulty sharing with parliamentarians and with Canadians whether any of the five to 10 companies that were under review two and a half months ago were referred to the RCMP.

What are you hiding?

Hon. Jean-Yves Duclos: That's because the independent officers in my department do their jobs with no political interference.

When I become aware at some point, I suppose, of the results of these investigations, we will be able to share those results.

The Chair: Thank you very much.

Mr. Kusmierczyk, please.

Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.): Thank you, Mr. Chair.

Thank you, Minister, for rejoining us here at OGGO once again. We always appreciate your coming here and providing your insights and your testimony.

You know, the number one issue that I hear about when I speak with young people in my community, students at the University of Windsor and at St. Clair College and young people who are getting their apprentices completed, is housing. I hear the same thing when I talk to seniors as well; housing is their number one priority.

The previous Conservative government, when it was in power and when the current Conservative Leader of the Opposition was the minister of housing at the time, lost 800,000 low-cost rental apartments. They also eliminated any federal involvement in the co-op housing program. They pulled the federal government out of the business of housing. They're coming back right now with plans. Their plan, if you look at it and delve into it, is to add additional taxes to the construction of rental housing. They also want to withhold critical infrastructure dollars for municipalities wanting to build additional housing.

Now, we the Liberal government have a different plan. We want to build 3.9 million homes in the next number of years. A critical aspect of getting those 3.9 million homes built is converting surplus federal lands into housing. It's a critical piece. It's part of the public lands for homes plan.

I was really excited to see in this budget that the Department of National Defence is working with the Canada Lands Company and other partners to dispose of 14 surplus properties, including one in my hometown in Windsor, which is the HMCS Hunter building right downtown. It's a perfect opportunity to build housing and revitalize our downtown core, because it's important. It's been sitting vacant for years.

I know that you're leading the rapid review of the federal lands portfolio, so I want to ask: Can you share with this committee some of the measures that are being undertaken and led by your department in this rapid review?

• (1710)

Hon. Jean-Yves Duclos: Thank you, Irek.

Let me start perhaps with how you began in noting the Pierre Poilievre not only lost 800,000 low-rent units, but also created only six affordable housing units across the entire country during his entire mandate. That's one affordable home per six million Canadians. You can imagine how difficult it is for people in my province to hear him insult Quebec municipalities by calling them "incompetent" when they are building thousands and thousands of affordable homes with the support of the federal government. That's my little partisan bit.

It's important to provide a better context, as you have done successfully over the last minute.

More important perhaps is: Where are we going? We're building on the work we've done since 2015. To give you an example, we spoke briefly about the Canada Lands Company a moment ago. The Canada Lands Company built approximately 2,400 affordable

homes in the last 25 years, half of them since 2015, and it will be double that number in the next five years. We see the accelerated work of making lands and buildings owned by the federal government available to build affordable homes.

I say affordable homes, because the alternative is to sell the land and buildings to the highest bidder and not worry at all about whether the use of those lands and buildings will lead to affordable housing units. No, those federal lands and buildings need to be used for affordable homes as well as for homes that will meet other criteria, social and environmental criteria such as being close to services, being close to transit, serving the needs of the most needy communities and green homes. These are also objectives that you wouldn't be able to achieve if you sold all of that federal property to the highest bidder. We take a different route.

With your leadership in your riding, with the DND property you mentioned, with Canada Post properties elsewhere and with other properties from other departments and properties currently owned by PSPC, we can do a lot of good for middle-class and lower-income families.

The Chair: Thank you very much,

Mrs. Vignola, please go ahead for two and a half.

[Translation]

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

We talked earlier about NextGen, but the announcement mentioned Dayforce. Can you confirm that it's the same thing and explain why the name changed? Or rather, are they two completely different things, one being the test and the other being the official application?

Hon. Jean-Yves Duclos: That's a good question, Ms. Vignola.

Indeed, there may be some confusion. The English term NextGen corresponds to *ProGen* in French, for *prochaine génération*. The concept designates the payroll system's next generation, which we absolutely must move towards, because Phoenix is not a viable solution for the future. Many systems were considered, including Dayforce, which was tested in several departments and shows promise. We think it really could work well, but before implementing it, there's definitely a lot of work to be done.

Mrs. Julie Vignola: I sincerely hope we won't end up with a "Phoenix 2.0" system, because that would be a disaster.

I will continue by asking a question about the Quebec City bridge, a jewel in the heritage of our magnificent 400-year-old city. The government announced the acquisition of the bridge. That's good news.

We're now talking about \$1 billion to rehabilitate the bridge, when it was \$400 million just a few years ago.

Over how many years will the billion dollars be invested?

Could we finally, in the very near future, see the Quebec City bridge in its quasi-original splendour? When we go over the Jacques-Cartier bridge, we realize the huge difference in their condition, while the Quebec City bridge is a UNESCO treasure.

Thank you.

• (1715)

[English]

The Chair: I'm going to interrupt. We have only about five seconds. Perhaps you can respond to the question in writing to the committee.

[Translation]

Hon. Jean-Yves Duclos: Yes, unfortunately, if there's not enough time, that's what we will do.

[English]

The Chair: If you don't mind my asking, Mrs. Vignola brought up and you commented on testing the NextGen. Are you able provide to the committee what departments you're testing on, what the error rate is and how many employees per department are part of the test?

Hon. Jean-Yves Duclos: Yes, and that's aligned with what MP Block asked earlier.

The Chair: Thank you.

We go to Mr. Bachrach, please, for two and a half.

Mr. Taylor Bachrach: Thank you, Mr. Chair.

Minister, your comments about ensuring that public properties are used for the community good, particularly affordable housing, made me think of a public property, a federally owned property, in Sandspit on Haida Gwaii, where Transport Canada owns the Sandspit Inn. It's been sitting empty for a number of years now, and the community would very much like that property to be dedicated to community use, either as a hotel, as it was formerly, or as affordable housing.

My understanding of the divestiture process is that, eventually, properties like that go up for bids from whoever. I wonder if you can lay out how the process for divesting of public properties is going to prioritize community uses, especially housing. Since your government brought forward this strategy for creating affordable housing, how have you changed the processes for divestment and development of public lands and properties in order to ensure that it doesn't get sold to, simply, the highest bidder?

I think that's probably clearly articulated enough for you to provide some kind of answer.

Hon. Jean-Yves Duclos: Yes, it's very well articulated. I call that the "Triple P": the places, the partners and the purpose.

The places, we first need to have an inventory of them. Fortunately, there is already a partial inventory ready and available, but in the next few months there will be a lot more available, not only existing of surplus properties but of properties that could be surplus, if we were able to use office space differently, for instance, or recognize that there are properties that are not used to their full potential.

The partners...very important. We need to work with community partners, not-for-profit housing partners and private developers, if they can help speed up, obviously, the construction and perhaps the use of those properties.

Then, most importantly, are the purposes for which those properties will be used. Yes, the key purpose is to build affordable homes. These homes have to be affordable for middle-class and lower-income Canadians. Other purposes, including socio-environmental purposes—as we know, we need to protect the environment—

The Chair: I'm afraid I have to cut you off there. We're out of time.

We'll have Mr. Genuis next, and then Mr. Sousa will finish this off.

Mr. Garnett Genuis: Thank you, Chair.

This committee is reviewing a list of contracts given as part of the indigenous procurement program. Some of these companies do seem to follow the GC Strategies model. That is, they are very small firms based in private homes in Ottawa—not on reserves, but in Ottawa—who advertise a specialty in government contracts management. In other words, they're in the business of simply getting contracts and subcontracting.

Do you think the government should be contracting out to firms who use the GC Strategies model?

[Translation]

Hon. Jean-Yves Duclos: This brings us back to discussions we had on ArriveCAN, several months ago now. As you know, since then, significant measures are starting to be implemented, including assessing supplies—

[English]

Mr. Garnett Genuis: Minister, could you answer the question? I'm sorry. I have five minutes, and you're not answering the question. Do you think the government should be contracting out to firms who use the GC Strategies model? I'm not talking about ArriveCAN; I'm talking about the model, one where a company just receives contracts and subcontracts without actually working on the project.

Do you think the government should contract to companies who use this model?

• (1720)

Hon. Jean-Yves Duclos: I think the ArriveCAN model and the GC Strategies model have been well discussed and much investigated by all sorts of groups and committees and organizations. We have learned important lessons. Those lessons have been shared—

Mr. Garnett Genuis: I'll give you one more chance to answer the question. It's a yes-or-no question. The record will show whether you answered it or not. Do you think the Government of Canada should contract to companies who simply receive contracts and subcontract? Should the government contract to companies who use this model?

Hon. Jean-Yves Duclos: Well, I've just answered the fact—the important fact, as you point out—that the so-called model you just described is a model that has been heavily criticized by the Auditor General and other groups, including this particular committee. Obviously, those lessons have been well understood. Many of those recommendations have already been implemented over—

Mr. Garnett Genuis: The question still hasn't been answered, but I have to move on.

There's a particular problem here if the recipients of all or most of those subcontracts are non-indigenous. If you have a small, officially indigenous firm that is simply acting as a broker between the federal government and non-indigenous business, then they're masking the fact that actually, indigenous peoples and indigenous businesses are not getting the final business at the end of the day.

Is there an expectation or a requirement that some percentage of subcontracts also goes to indigenous firms?

Hon. Jean-Yves Duclos: That's exactly what we need to do. We need to make sure that indigenous businesses have access to the procurement opportunities that other Canadians also have. That's why—

Mr. Garnett Genuis: Right. Is that at the subcontracting level as well?

Hon. Jean-Yves Duclos: —not only do we have a target of 5% and are moving towards that target, but in some of the departments we have exceeded that target already.

Mr. Garnett Genuis: I'm sorry, Minister. It's specific question. I'd like you to answer it. When a contract goes to an indigenous business that's acting primarily as a broker, is there an expectation that a certain percentage of the subcontracts goes to indigenous businesses?

Hon. Jean-Yves Duclos: There are rules and regulations and expectations and targets—

Mr. Garnett Genuis: What's that percentage, then?

Hon. Jean-Yves Duclos: —to make sure that indigenous businesses have their fair share of procurement opportunities.

Mr. Garnett Genuis: What is the percentage required at the subcontract level?

Hon. Jean-Yves Duclos: As you note, and as you well know, I suppose, the target is 5% of indigenous businesses having access to procurement contracts. That's a minimum. This is not the ceiling.

Mr. Garnett Genuis: Minister, you're not answering the question. The question is about subcontracts. If a contract goes to an indigenous business as part of that 5%, and that indigenous business then subcontracts to someone else, what percentage of those subcontracts should be indigenous? If 100% of those subcontracts are non-indigenous, maybe there's a problem there. Of that 5%, for the subcontracts, what percentage, if any, must be indigenous?

Hon. Jean-Yves Duclos: That is exactly one of the important things the department needs to do in collaboration with other departments, because PSPC is not the only department.

Mr. Garnett Genuis: Just give me a number. What percentage is it?

Hon. Jean-Yves Duclos: Those multiple levels include not only who does the job but also who owns the company and the impact in the communities where those contracts take place, for instance—

Mr. Garnett Genuis: Minister, it's a simple question. I'm running out of time. What is the percentage?

Hon. Jean-Yves Duclos: I'm just trying to explain the context—

Mr. Garnett Genuis: I'm not looking for an explanation. I'm looking for a number.

Hon. Jean-Yves Duclos: If you'd like to discuss it further, I'd be very happy to do that.

Mr. Garnett Genuis: I'm just going to say, Minister, that the committee ordered information on subcontracts and almost none was provided. The information we got from the vast majority of departments is that they're not even tracking subcontracts.

I have a final question. There are over 600 indigenous nations in this country. Do you think it would be a problem if a single company were getting, say, more than 5% of the total amount allocated for indigenous procurement?

The Chair: Give a very brief answer, please, Minister.

Hon. Jean-Yves Duclos: There are about 600 indigenous communities in Canada, and about 70 indigenous first nations. We work with all of them to make sure they have access to the proper services and procurement opportunities.

Mr. Garnett Genuis: Chair, the minister didn't answer the question. I wonder if it could be posed to him again. Maybe there was a problem with the translation.

The Chair: We are out of time.

Perhaps you can get back to us with a real answer in writing, Minister.

Hon. Jean-Yves Duclos: If more is needed, we'll provide more.

Mr. Garnett Genuis: What would be too much for a single company?

The Chair: Mr. Genuis, I'm afraid we have to move on. We have other ministers waiting.

Mr. Sousa, go ahead for five minutes, please.

Mr. Charles Sousa (Mississauga—Lakeshore, Lib.): Thank you, Chair.

Thank you, Minister, for being here.

I know you've done a lot of deliberation and work on adopting some of the recommendations made by the Auditor General and the procurement ombudsman officer relative to issues around procurement.

Certainly, this was a long-held practice of the prior Conservative government—contracting and subcontracting in matters regarding IT as well as building properties. You get a property manager and he subcontracts out the various services to get it built. It's not different from what we've done in a number of applications here.

Through your deliberations, I know you've done a lot of work to try to ensure we support transparency and accountability in those measures, whether that is for indigenous members in the community or.... I know you're trying to advocate for small business, so we have greater use of procurement to enable Canadian companies to benefit from that.

This is a statement I make on my part, and you can certainly elaborate on it: I'm rather excited about a development in my community. Canada Lands owns a property on Port Street. It has a waterfront. It's meant for mixed-use development with a park and affordable housing. The community is very excited about it. It's been rather stagnant for years and years. The fact is that Canada Lands is stepping up through your leadership to try to look at redevelopment for that property. I'm very excited about it. It's also because, in budget 2024, we announced an overhaul to the mandate of Canada Lands and its ability to take on more development.

I would ask if you could elaborate and explain some of these reforms regarding the Canada Lands mandate.

• (1725)

Hon. Jean-Yves Duclos: Thank you, Charles.

We're so glad to hear that the Canada Lands Company is already leading and partnering in your community.

As you know, there is going to be even more of that in other places across Canada, because of not only a renewed but also a much enhanced mandate in budget 2024, with tools that will support your community. As I mentioned earlier, there are leasing tools. That's as opposed to going through what is sometimes too long and complicated a process, which is disposing of properties by selling them to the highest bidder. Why don't we lease those properties over a long time to community developers, not-for-profit housing developers, municipalities and other groups that will then commit to building affordable homes in the long term? Affordability is key not only in the short term but also in the longer term. It's using that to support the efforts of co-operatives and public housing.

In addition to leasing, Canada Lands Company would also have the ability to develop the projects themselves. I should also add—I was going to forget—that, in budget 2024, there is a \$500-million fund so the federal government can acquire public land that is not currently owned by the federal government. It could be owned by municipal or provincial governments. We can buy those pieces of land, make buildings and make them available to the community through, again, possibly lease agreements, with lots of positive economic, social and environmental outcomes.

Mr. Charles Sousa: There are reforms now being made to enhance Canada Lands. Can you elaborate a bit more on how they extend or promote affordable housing—and promote housing throughout the country?

Hon. Jean-Yves Duclos: The key word here is “accelerating.” Over the last 25 years, Canada Lands has built about 2,400 afford-

able homes. In the last eight years, they have built 1,200 homes. That's a lot more than in the previous 16 years. In the next five years, the Canada Lands Company will be able to build more than 5,000 affordable homes in partnership with others. It's a lot of ambition. The good news is that there are means to do it through your leadership and the leadership of other MPs in all political parties in this room and elsewhere.

Now we have, as the Prime Minister said today in question period, a housing crisis like we had post the Second World War. We had one when we had the boomer population trying to find homes in the 1960s. We have a crisis we can solve. We will be solving it with the partnership of many and the support of the Canada Lands Company.

Mr. Charles Sousa: It looks like I have a bit more time.

The Chair: You have 11 seconds.

Mr. Charles Sousa: Do you want to respond to the recommendations that you've promoted regarding contracting and the procurement processes recently, to some of the recommendations that you've applied, for the benefit of this committee?

Hon. Jean-Yves Duclos: I need a lot more time, because I have about....

The Chair: You don't have time for that.

Mr. Charles Sousa: I know you have.

The Chair: Minister, we do need to turn over to the next meeting.

Mr. Charles Sousa: They don't want to hear the results—there you go.

The Chair: You're welcome to provide them in writing if you're able to, Minister. A motion has passed in this committee that if you're going to provide back to us on any requests that you do so within a three-week period.

Minister, thank you very much for joining us.

We're going to suspend for a few minutes as we switch over our witnesses.

• (1725) _____ (Pause) _____

• (1735)

The Chair: Welcome back, everyone.

Welcome, Minister Anand. The floor is yours for five minutes, please. Go ahead.

[Translation]

Hon. Anita Anand (President of the Treasury Board): Thank you very much, Mr. Chair.

[English]

Before I begin, I'd like to acknowledge that the lands on which we are gathered are part of the traditional unceded territory of the Algonquin Anishinabe peoples.

[Translation]

With me today are officials from my department to give you an overview of the 2024-2025 Main Estimates.

Canadians expect their government to be transparent, and they have the right to know how public funds are spent. Through our financial reports, our government commits to spending taxpayer money transparently, effectively and carefully.

I will raise some of the highlights in the 2024-2025 Main Estimates, tabled on February 29, 2024.

[English]

This year's main estimates present a total of \$449 billion in budgetary spending, with \$191.6 billion to be voted on. Non-budgetary expenditures of \$1.2 billion are also presented, Mr. Chair.

[Translation]

This funding will allow the government to provide many programs and services, as well as transfer payments to other levels of government, to organizations and to people.

[English]

Some of the larger voted amounts proposed for organizations in these main estimates include \$28.8 billion for National Defence investments, including support for Ukraine and training and equipment for the Canadian Armed Forces; \$20.9 billion for Indigenous Services, for programs for indigenous communities and settlements; \$8.4 billion for Health Canada, including funding to expand the Canadian dental care plan; and \$5.6 billion for CMHC for much-needed housing infrastructure.

[Translation]

I also want to point out that these estimates present additional information on the initiative to refocus government expenditures, announced for the first time in budget 2023. I am pleased to say that the 2024-2025 Main Estimates set out an amount of \$10.5 billion to be redirected from departmental budgets into Canadians' main priorities over the next three years.

[English]

These priorities focus on health and housing. It puts in place an economic plan for our country.

This is part of the savings announced in budgets 2023 and 2024. The fall economic statement last year also outlined our plans for re-focused government spending.

The total also includes the refocusing of \$500 million that we reported in the supplementary estimates that were tabled last fall. What I mean by this, Mr. Chair, is that what we are doing is looking across government for areas in which we can reduce our spending in certain areas, like third party contracting and executive travel, and refocusing that money toward our government's priorities.

Over the next four years, based on historical rates of attrition, this will achieve the remaining savings of \$4.2 billion over four years, starting in 2025-26, and \$1.3 billion ongoing toward the re-focusing government spending target.

TBS officials, some of whom are here with me today, are working on the methodology to determine these savings, and more details on the implementation of phase two will be available soon.

I want to be clear. The goal of this exercise is about spending smarter so that we're investing in the areas and programs that matter most to Canadians and the country. Our government will continue to provide Canadians and MPs with the details of this initiative through the departmental plans and departmental results reports. Mr. Chair, I know you have read through many of those copiously over the years.

In conclusion, I would like to thank you for the opportunity to speak about these main estimates. My officials and I would now be more than pleased to take your questions.

• (1740)

The Chair: Wonderful. Thank you for being on time. I will mention to Minister Ducloux that he should learn from you how to do the opening on time.

We'll start with Mrs. Kusie, please, for six minutes.

Mrs. Stephanie Kusie (Calgary Midnapore, CPC): Thank you, Mr. Chair.

When you tabled the main estimates, you stated that your government's ministers are acting like all other Canadians in "examining their own pocketbooks." That was your quote.

Do you believe Canadians have examined their pocketbooks and decided they can spend more, the way you have? Is that really what you think? You think they are examining their pocketbooks and making the decision to spend more—and can spend more—as you are. I don't think they are.

What would you like to tell Canadians on that, please?

Hon. Anita Anand: Mr. Chair, I appreciate the question.

The intention of that point was to say that this is a time when we need to be prudent with our spending. At the Treasury Board of Canada, our role is to oversee government spending and to ensure that we undertake a risk analysis of that spending at all times—

Mrs. Stephanie Kusie: Being prudent with your spending, Minister—

Hon. Anita Anand: When we table the main estimates, that is the goal.

Mrs. Stephanie Kusie: How do you think the younger generation looks at you and your government right now, with a \$39.8-billion deficit in the current budget? Do you really think they believe you are being prudent with a \$39.8-billion deficit that not only this generation, but the next generation is going to have to pay off?

Do you really think that's being prudent, Minister?

Hon. Anita Anand: Mr. Chair, we have the the lowest debt-to-GDP ratio in the G7 and a AAA credit rating. At the same time, we are maintaining that fiscally prudent track. We are also providing supports to Canadians through dental care, pharmacare, contraception for women so that they can make their own choices about their bodies.

Mrs. Stephanie Kusie: Minister, Canadians, when they're standing in line at the food bank, don't care about the debt-to-GDP ratio. They don't care about that. They just care that their tummies are empty and want food on the table to feed their families.

Hon. Anita Anand: Unlike the Conservative government before us—

Mrs. Stephanie Kusie: No, Minister, the government is currently spending more on debt servicing costs than it is on health transfer payments—

Mr. Irek Kusmierczyk: I have a point of order.

The Chair: Minister, sorry, there is a point of order. I will stop the clock.

Mr. Kusmierczyk, go ahead, please.

Hon. Anita Anand: I'm just trying to respond to the question.

Mr. Irek Kusmierczyk: Yes.

Mr. Chair, I just want us to take into consideration our translators.

The Chair: That's not a point of order.

I will let you know—

Mr. Irek Kusmierczyk: It is a point of order because—

The Chair: Sorry, Mr. Kusmierczyk.

When the translators have an issue they will advise the clerk and the clerk will advise me. We will then interrupt.

I appreciate your point.

Mr. Irek Kusmierczyk: I'm just worried about their health and well-being.

The Chair: Thank you.

I have ruled, Mr. Kusmierczyk.

Mr. Irek Kusmierczyk: I see my MP colleague raising her voice. I'm just simply asking that we respect the translators.

The Chair: I have ruled, Mr. Kusmierczyk. I appreciate what you're trying to do. I've made it very clear. I made it clear to one of your colleagues earlier. I appreciate we don't want to continue with interruptions.

Mr. Irek Kusmierczyk: Thank you, Mr. Chair. I appreciate your taking that into consideration.

The Chair: Mrs. Kusie will continue.

Mrs. Stephanie Kusie: Thank you, Mr. Chair.

Minister, in the main estimates, it stated \$46.5 billion was required simply to service our debt. This is in addition to this year's \$39.8 billion deficit. Now, in the supplementary estimates, you have come back and asked for another \$1.9 billion, as though this \$1.9 billion were an oversight to service the national debt.

Why weren't these numbers properly accounted for in your main estimates just a few months ago?

What can we as Canadians expect in the future in terms of further amounts that have not been accounted for as a result of your bad accounting?

Hon. Anita Anand: Mr. Chair, on the issue of poverty, our government, unlike the Conservative government prior to us, has reduced poverty in this country by 22%.

On the issue of the debt, I will say that our government has made a decision to ensure that we have strong fiscal markers, like a AAA credit rating and lowest debt-to-GDP ratio in the G7, while supporting Canadians and ensuring that we have affordable housing supports in place, and dental care available for our population and pharmacare as well.

• (1745)

Mrs. Stephanie Kusie: Minister, why are one in four Canadians skipping meals?

Again, the one in four Canadians who are skipping meals really don't take comfort in these statistics that you are citing here today or in the House of Commons when you are responding in question period.

Minister, in your last announcement on fraud as a result of the "arrive scam" scandal within the Canadian procurement system, you stated that the three individuals you found committing \$5 million worth of fraud in contracting were only the first tranche of individuals.

Are you ready today to tell Canadians the number of individuals whom you have determined to be committing fraud and you have now turned over to the RCMP?

Can you give that number, please?

Hon. Anita Anand: That issue is within PSPC, but I will say that all fraud is unacceptable and that the RCMP has charge over those cases. If it determines to lay charges, we will be supporting the RCMP in every investigation it undertakes, just as we have done in the past.

Mrs. Stephanie Kusie: Okay, so you don't have a number for us today.

Hon. Anita Anand: It is not within my purview.

Mrs. Stephanie Kusie: Can you tell us the total?

It is within your purview. Especially given that you were previously the minister of procurement, you should have an idea as to these numbers.

If you can't tell us how many individuals have been turned over to the RCMP as a result of fraud? Can you at least please tell Canadians how much they have been scammed out of, how much money has been paid out as a result of this fraud?

Hon. Anita Anand: Actually, Mr. Chair, three individuals, to my knowledge, have been turned over to the RCMP.

Secondly, Mr. Chair, what I am doing at Treasury Board—and this is within my purview actually—is to ensure that we have the policies and the governance in place to ensure that we have better management control over these types of incidents.

Today, I released a new manager's guide with mandatory obligations on directors.

Mrs. Stephanie Kusie: This is my last question.

You said at the last meeting that you would recoup the money from the "arrive scam" scandal. Can you report to Canadians that you have received that \$60 million back for the "arrive scam" scandal?

Hon. Anita Anand: I can report to Canadians that as soon as the RCMP report comes back on the ArriveCAN issue—

Mrs. Stephanie Kusie: That's a no.

Hon. Anita Anand: —we will follow—

Mrs. Stephanie Kusie: You promised the last time I saw you that you would get the money back for Canadians.

That's what you said.

Mr. Irek Kusmierczyk: I have a point of order.

This is—

Mrs. Stephanie Kusie: That's what you said, and you are coming here—

Hon. Anita Anand: Excuse me, Mr. Chair. Am I able to respond to that witness's question?

The Chair: I'm sorry. Let me interrupt. We have a point of order from Mr. Kusmierczyk.

Go ahead, Mr. Kusmierczyk.

Mr. Irek Kusmierczyk: Mr. Chair, I'm just asking my colleagues to please respect, again, our interpreters—

The Chair: Mr. Kusmierczyk, if you're going to—

Mr. Irek Kusmierczyk: —and their health and safety.

The Chair: I've made it clear. I appreciate what you're trying to do, but I've made it clear that if there's an issue with the interpreters, they will contact our clerk. I would ask you to please stop your interruptions.

Mr. Irek Kusmierczyk: It's not an interruption.

The Chair: It is, Mr. Kusmierczyk.

Mr. Irek Kusmierczyk: I'm actually looking after the interpreters on this committee.

The Chair: If you're going to continue this, time will be taken away from you. I've made my ruling very clear.

Mr. Irek Kusmierczyk: Mr. Chair, if you won't look after it, I certainly will.

The Chair: Mr. Kusmierczyk, please. I've stated before, and I've told one of your colleagues before this, that if there's an issue, they will advise the clerk the proper way. They will not advise you. They will not advise the other members. They will advise the clerk. I would you to please stop with such interruptions.

Mrs. Kusie—

Hon. Anita Anand: Can I respond? Can I respond at all here—ever?

The Chair: Minister, I understand what you're saying.

Mrs. Kusie, if you would please allow a question and an answer, you have 40 seconds.

Mrs. Stephanie Kusie: Thank you, Mr. Chair.

Can you tell Canadians today, clearly, as you promised them the last time we spoke in a committee environment, that you have recouped the \$60-plus million—because, as the Auditor General indicated, it is a minimum of \$60 million—for Canadians, as you promised you would?

Hon. Anita Anand: Mr. Chair, there is an ongoing investigation. Any wrongdoing will be taken into account. I stand by my comments that the government will seek to recover taxpayers' money that was spent inappropriately.

Mrs. Stephanie Kusie: That's a no, Mr. Chair. That's clearly a no.

Hon. Anita Anand: We are waiting for the RCMP investigation to conclude.

Mrs. Stephanie Kusie: That's a no.

The Chair: Thank you very much, Minister—

Hon. Anita Anand: That is not a no. We are waiting for the RCMP investigation to conclude, Mr. Chair.

Thank you.

The Chair: Thank you, Minister.

We will now go to Mr. Bains. I'm sure you'll have an opportunity to answer during Mr. Bains' time.

Go ahead, Mr. Bains.

Mr. Parm Bains (Steveston—Richmond East, Lib.): Thank you, Mr. Chair.

Yes, I want to give the minister an opportunity to finish her answer.

I know that you were interrupted a number of times there. Feel free to please answer on the important work that you're doing.

• (1750)

Hon. Anita Anand: Thank you so much.

Yes, I was interrupted a number of times. I feel it was inappropriate, as well. I'm here to answer questions in good faith. I would appreciate being given the opportunity by colleagues across the House to provide the answers that I'm here to give.

There is an ongoing investigation by the RCMP. That investigation has not concluded. We as a government have stated that we will comply with the recommendations from the RCMP. We will also ensure that anybody who abused taxpayers' money will face consequences. The government will seek to recover taxpayers' money that was spent inappropriately. That is our commitment.

Certainly, at Treasury Board I take the purview and the prudent spending of our government extremely seriously, as do my colleagues at Treasury Board.

Thank you.

Mr. Parm Bains: Thank you, Minister. I really appreciate the work you're doing. I'm very encouraged by the spending review you've administered. I look forward to the upcoming updates on this.

I'll go to my first question. The 2024-25 main estimates signal a \$2.3-billion reallocation of funding in your refocusing government spending initiative. That's up from a \$500-million reallocation in the previous fiscal year. What impact do these massive funding reallocations have on the delivery of important services that Canadians rely on?

Hon. Anita Anand: Unlike the opposition, our goal is to ensure that vulnerable Canadians are able to have supports. In budget 2023, we made a commitment to refocus government spending to not only ensure prudent fiscal management of taxpayer dollars but also to be able to utilize that funding to provide supports for Canadians.

The main estimates reported on the planned reallocations of over \$10.5 billion over the next three years, as a result of the refocusing government spending initiative, what was tabled in the main estimates at the end of February. I will say that the refocusing government spending initiative was one that all ministers participated in, looking at their portfolios to see how they could refocus both money spent on operating costs as well as grants and contributions towards the government's priorities.

The refocusing government spending initiative is an initiative that is a commitment to prudence while continuing to support Canadians by creating growth and opportunities for all. You saw that commitment in budget 2024 with supports for affordable housing, for a national school food program, for dental care and for additional child care through ECE supports. Those are the types of initiatives and social programs that we believe are important.

If the opposition cares about poverty, then I would think they would support initiatives like a national school food program, like the Canada child benefit, and like \$10-a-day child care, which ensures that families have support to get by.

Mr. Parm Bains: Thank you.

With respect to that, are there any negative impacts that Canadian taxpayers could face due to the refocused spending should par-

liamentarians choose to vote for or against these important main estimates?

Hon. Anita Anand: As I said, Mr. Chair, the refocused government spending initiative does not cut supports for Canadians. In fact, what it does is take a look across government at where spending might not be necessary, such as in the areas of executive travel and third party contracting, to say that money could be better spent and would gain greater utility when used for another purpose. That is the way we are using this exercise. The PBO, when commenting on the first phase of refocused government spending, opined that government services would not be cut as a result of those measures.

Mr. Parm Bains: I'm going to shift my focus a little bit, because I think the cybersecurity threat is real. I think we all know about the ever-evolving threat of cyber-attacks.

In fact, in my city of Richmond, B.C., London Drugs, which is headquartered there, was recently targeted by a major cyber-attack.

I wanted to ask about the cybersecurity strategy and how you're working to ensure that the Government of Canada's enterprise networks are safe.

• (1755)

Hon. Anita Anand: The area of cybersecurity is one that I take very seriously, especially given my time at the Department of National Defence, where I had oversight of the Communications Security Establishment.

Treasury Board has a leadership role in setting the direction for government IT modernization and driving momentum on the whole-of-government solution for cybersecurity.

Last week, I announced the first-ever cyber-strategy for the Government of Canada. Rather than having individual departments and ministries utilize their own cyber-strategies, we now have a whole-of-government approach that will be run out of Treasury Board and Shared Services Canada together with the CSE. We are implementing this—

The Chair: I'm sorry, Minister. We are out of time. Perhaps you can finish off in the next round or get back to us in writing.

Hon. Anita Anand: Thank you so much. Thank you for the questions.

The Chair: Thanks, Mr. Bains.

Mrs. Vignola, please go ahead for six minutes.

[Translation]

Mrs. Julie Vignola: Thank you very much, Mr. Chair, for giving me my speaking time.

Minister, the Treasury Board Secretariat is responsible for applying the Official Languages Act. You set an example in terms of learning French, and I thank you for it. Some officials also set an example when it comes to using their mother tongue. Even if they are bilingual, some respond to anglophones by using their mother tongue, since interpretation is available and it's offered not only from French to English, but from English to French as well.

Nonetheless, we see a certain lag in implementing regulations. The Commissioner of Official Languages called on you at the beginning of the month to publish regulations for Part VII of the Official Languages Act.

When can we expect the regulations to be published?

Hon. Anita Anand: I thank the member for her question.

I want to start by saying that it's important, even crucial, to have an environment where we can work in both official languages. It's crucial for me, as Minister, to make sure everyone can work in both official languages, and to do so throughout the country and in all departments.

You asked a question about the date when regulations will be published. When will we have a framework for public services? This spring, we will make an announcement on that. I will be able to share the announcement with you over the coming weeks.

Then, next month, we will also publish a training guide for federal institutions.

Mrs. Julie Vignola: Thank you very much.

Since spring ends on June 20, we can expect—

Hon. Anita Anand: It will be next month.

Mrs. Julie Vignola: It will be around June 18 or 19, right before the end of spring.

Hon. Anita Anand: Yes.

Mrs. Julie Vignola: In the Main Estimates, I saw that the amount the Treasury Board Secretariat requested to monitor expenditures went from \$44 million in 2022-2023 to over \$5 billion in 2024-2025. That is more than one giant step. We just crossed the Atlantic and the Pacific in a single bound.

What can explain this extraordinary increase for a budget request to monitor expenditures?

Hon. Anita Anand: Mr. Chair, first of all, it's to support the most vulnerable in our economy and have essential programs for our country, such as a dental care program and a pharmacare program. It's also about investing in affordable housing. As for your question, I invite my colleague to share her comments with you.

• (1800)

Ms. Annie Boudreau (Comptroller General of Canada, Treasury Board Secretariat): Thank you very much.

Is your question about the \$5.1 billion for central votes? I think yes. If so, it's about the same amount as last year. We always make changes from year to year. I don't know if you're comparing the same numbers with last year's, Mrs. Vignola.

Mrs. Julie Vignola: If I remember correctly, last year, it was just over \$3 billion. That's a massive increase compared to \$44 million for 2022-23. It sure made my jaw drop.

Under the Treasury Board Secretariat's core responsibilities and internal services, for 2022-23, \$44,076,954 was earmarked for spending oversight. For 2023-24, I said it was \$3 billion, but it was actually \$2,680,659,291. I'm sorry. It went from \$44 million to over \$2.5 billion, and this year it's over \$5 billion.

What is spending oversight, and what justifies spending \$5 billion on it, when it was \$44 million two years ago?

Ms. Annie Boudreau: There must be a mistake. I'm sorry, but we'll have to send you a written answer, because a jump from \$44 million to several billion dollars is impossible. Maybe the central votes are part of that amount, but it would be best for us to send you a written response.

Mrs. Julie Vignola: Okay, thank you.

[*English*]

The Chair: You have 10 seconds.

[*Translation*]

Mrs. Julie Vignola: I will come back to this later, so thank you for giving me some speaking time despite my nameplate mishaps.

[*English*]

The Chair: I'm sure Mr. Bachrach appreciates that.

Go ahead, sir.

Mr. Taylor Bachrach: Thank you, Mr. Chair, and thank you, Minister, for being here today.

Not long after you were given this new role, you sent a letter to your ministerial colleagues asking them to identify areas to cut within their respective departmental budgets in an effort—I'm reading from a Global News article—to reduce spending by \$14.1 billion between now and 2028.

Why is it \$14.1 billion? It's a very specific number.

What's it based on?

Hon. Anita Anand: This was the first-ever refocused government spending initiative that our government has done since 2015. We wanted to be prudent, as other G7 economies are, with an exercise of this nature.

We wanted to differentiate ourselves from the Harper DRAP program, which was much more severe and involved serious cuts to services and programs in the public service, so we chose a prudent amount to begin the first phase of the refocused government spending initiative.

It's not just \$15.8 billion. It is also that amount over a five-year period and then \$4.8 billion every year thereafter. It's actually a continuous process of ensuring that we are reducing our spending in some areas and refocusing it on others.

Finally, there's a phase two of the refocusing government spending initiative that was enunciated in budget 2024.

Mr. Taylor Bachrach: I appreciate all that, Minister, and I think you've laid out your rationale for it, but you didn't answer the question. The number in this article is \$14.1 billion. The number you gave is \$15.8 billion. They're both very specific numbers, and I'm wondering what they're based on. Arguably, you could provide the direction to find cost savings, and this assumes that there's some sort of slop in departmental budgets. I don't think anyone would argue that there isn't, but why are there specific numbers: \$14.1 billion and \$15.8 billion? What are they based on? Are they based on some kind of preliminary evaluation?

This is out of honest curiosity.

Hon. Anita Anand: I will say that we needed to begin with a baseline for an initiative that our government had not undertaken at that time.

[Translation]

I'll let Ms. Boudreau give a supplementary answer.

[English]

Ms. Annie Boudreau: In the budget announcement, it was based on discretionary spending, so it was 3% for operating discretionary spending and 15% for professional services and travel.

If you take those two percentages, and you apply them to the main estimates, you're going to get those specific numbers that you just referred to.

• (1805)

Mr. Taylor Bachrach: Thank you. That's a very clear answer. I appreciate it, and I would encourage you to pass on your answering ability to the minister that we had here prior to this, because he seemed to really struggle with answering simple questions that obviously have answers.

The CBSA border officers voted 96% in favour of a strike. They've been without a contract for two years. They provide really important services, as everyone around the table knows. After the strike vote, the Canadian government said in a statement that a strike was “unnecessary”, but they also said that the government was ready to return to the table, “at any time”.

I guess the question is: Has negotiating resumed, and why did it take a strike vote for the government to offer to return to the table?

Hon. Anita Anand: We have already reached collective agreements with 80% of public servants comprising 17 bargaining units, and we look forward to being at the table with the CBSA at the be-

ginning of next week. There's an independent mediator who will be overseeing the negotiations.

There is the public interest commission report, which is available publicly now and contains independent recommendations from that mediator. Those will form the basis of the negotiations that we will undertake at the table with these very important public servants.

You'll recall the essential work the border folks do, the CBSA folks do, and we're very grateful for that work, I will say, and 90% of CBSA employees are performing essential services for Canadians. We want to reach a deal that is fair for employees and fair for Canadian taxpayers, and we will look forward to doing that at the bargaining table.

Mr. Taylor Bachrach: Thank you, Minister.

This is my last question. I know there's a lot of concern and interest in the return-to-work directive that your government provided to public sector workers. I think one of the curious things about this is the core rationale for that directive. We see that most of the departmental reports have indicated that productivity has either gone up or at least remained level for public sector workers working at home. What was the core rationale for providing that directive?

The Chair: Give a quick answer, please.

Hon. Anita Anand: The decision of the public service relating to hybrid work was made as a result of its view that it is fully within their ability to do that under existing policy without being a breach of collective agreement, because this stands outside of the collective agreement.

In terms of an explanation of the policy, because it was not a political decision, I will turn to the public servants to answer that question.

The Chair: I'm afraid we're out of time. We can follow it up on Monday when the officials are back with us, unless the minister wishes to stay past her hour.

Hon. Anita Anand: That's very kind of you, Mr. Chair. I will defer to the officials on Monday.

The Chair: Go ahead, Mrs. Kusie, for five minutes, please.

Mrs. Stephanie Kusie: Minister, the CBSA border officers voted last week to approve a strike due to the lack of a contract for the last two years. Their demands include wage parity, protection from management retaliation, access to telework, and protection from CBSA's obsessive reliance on contracting out—very similar to your own government and your own department, Minister.

Now, you have outlined briefly the process that you are undertaking. However, if you are not successful, like your predecessor—in fact, I think her legacy, unfortunately, is built on that lack of success in reaching these negotiations in a reasonable amount of time—can you share with Canadians how this will have an effect, in the billions, on the Canadian economy? Can you tell Canadians that, please?

• (1810)

Hon. Anita Anand: Actually, it is premature for us to put precise figures on the table. We are still in the midst of ensuring that we reach a fair and reasonable agreement with the CBSA. We are committed to working with bargaining agents to reach an agreement that is fair and reasonable, and we will do so at the table. I would be more than happy to return to this committee and speak to the particular numbers. However, at this time it is premature for me to put numbers on the table in response to the type of question I've just received.

Mrs. Stephanie Kusie: I don't think it is premature, Minister, because if we look at the cost of the port strikes in both Vancouver and Montreal last year, we see that it had a \$10-billion effect on this economy, especially at a time when your government has out-of-control spending, when we so badly need this economy to function.

Your government failed, your predecessor failed, in getting these negotiations resolved in a timely manner, which cost the economy \$10 billion—and, of course, it was also a hit to our tax revenues.

Are you not concerned that we might see these numbers again should you not be successful? Do you have any comments for Canadians regarding that?

Hon. Anita Anand: Of course I have comments about our expenditures. I am the president of the Treasury Board, after all, and I will say that I will at all times have oversight, and prudent oversight, of government spending.

What I mean by ensuring that we have a negotiation that occurs at the table is just that. The demands that are going to be the subject of those negotiations will yield, if all goes well, a fair and reasonable—

Mrs. Stephanie Kusie: Minister, I don't want to talk about—

Hon. Anita Anand: —agreement for the border services workers—

Mrs. Stephanie Kusie: —a hypothetical, please. Minister, I wouldn't be so excited to share my title with a \$39.8-billion deficit.

Relative to that, you've stated that your department is happy to return to the bargaining table to negotiate in good faith.

Hon. Anita Anand: Yes, we are.

Mrs. Stephanie Kusie: However, it's been two years without a contract, so why are you only just trying now to complete this negotiation? Like I said, your predecessor failed, and you're in the process of failing. What are you going to do to ensure that you get this process in in time?

Hon. Anita Anand: I actually do not think that we are in the process of failing; we are in the process of seeking a deal that is fair and reasonable to Government of Canada employees and to the

Canadian taxpayers. I would not think that hypotheticals of the sort that are being posed in this question would be useful in seeking to reach a fair and reasonable deal.

Mrs. Stephanie Kusie: In the official opposition, Madam President, we look at results.

Hon. Anita Anand: And hypotheticals....

Mrs. Stephanie Kusie: In August 2023, you were excited to announce that you were going to find \$50.4 billion in savings across all government departments over the next five years. However, in budget 2024, more than \$52.9 billion in new spending over the next five years was announced. This new spending is now more than three and a half times as much as you announced in savings in August.

How has this initiative done anything to show fiscal restraint with your, as you have said, being the president of the Treasury Board, and to prove to Canadians that your government can responsibly handle money?

Hon. Anita Anand: I would take a look at the external markers that indicate fiscal prudence, Mr. Chair. A triple-A credit rating is actually an independent assessment—

Mrs. Stephanie Kusie: Minister, this is cold comfort for Canadians—

Hon. Anita Anand: Mr. Chair, am I going to be able to respond to these questions?

Mrs. Stephanie Kusie: If you will not listen—

Hon. Anita Anand: Mr. Chair?

Mrs. Stephanie Kusie: —to the Prime Minister's Office regarding your leadership campaign, I hope you at least listen to Canadians.

Thank you very much.

Hon. Anita Anand: I would really like to be able to respond to questions, Mr. Chair.

The Chair: I appreciate that.

Hon. Anita Anand: It's very unprofessional to interrupt me when I'm actually just trying to respond—unbelievable.

The Chair: We are out of time, unfortunately.

However, luckily and fortunately, next up is Mr. Jowhari from the Liberals. You'll have an opportunity to respond, I assume, during his time. Mr. Jowhari, go ahead, sir.

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

Madam Minister and officials, welcome to the committee.

Madam Minister, please take as much time as you want to respond. I think it is important. I have questions along the same line of holding the government accountable, but I'm sure you'll notice a different tone. We can ask tough questions in a very respectable way, and I ask my colleagues to do the same.

Thank you, Minister. Go ahead. The floor is yours.

Hon. Anita Anand: I simply wanted to respond by saying that independent credit rating agencies, like Standard & Poor's for example, have consistently rated our economy and our government's work on the economy with a AAA credit rating. It is not "a nothing". It is actually an assessment of the fiscal health of our economy. To denigrate the work of those third party analysts about our economy is, simply, to misunderstand the importance of that credit rating.

I will further say that those are economic markers that indicate the fiscal health of a country. At the same time, what we as a government have chosen to do is to actually respond to poverty, to homelessness and to the need in educational institutions to support researchers, masters and doctoral students with supports to feed the pipeline of brilliance and of the AI and digital economies.

There's a clear choice that is being made here between the plan of our government in budget 2024 and the absence of a plan from the opposition: They simply criticize with no actual alternative on the table.

• (1815)

Mr. Majid Jowhari: Thank you for that clarification.

Madam Minister, in budget 2024-25 main estimates for the TBS, I see that you're asking \$9.3 billion in voted expenditure. When I did a little digging, I realized that's the fifth highest of any federal department. Can you please share the rationale behind this high degree of spending in your department? Can you explain what the initiatives are that this spending is being focused on?

Hon. Anita Anand: Thank you for the question.

These are values that we care deeply about—in particular, creating a diverse, equitable, accessible and inclusive workforce. I highlight the action plan for Black public servants that I announced in February, which provides mental health supports for Black public servants, as well as supports for career development, especially at the Canada School of Public Service.

In addition, we're supporting health and safety through the public service health care plan, strengthening and modernizing the public service through HR-to-pay, enhancing the work environment and reinforcing the values and ethics of the public service, which are also goals of our government and are implemented by Treasury Board.

[Translation]

As I said, we continue to promote and protect both official languages.

[English]

We will also bargain in good faith. As I said, we already reached collective agreements with 17 bargaining units, representing 80% of public servants, and we look forward to doing so with the remainder because it is important to negotiate in good faith at the bargaining table.

Mr. Majid Jowhari: Thank you.

I go from the year's focused spending increase now to some refocused government cost-saving, as I would call it. Madam Minister, in your responses you talked about phase one and phase two. With

30 seconds of my time left, can you talk about the priority areas for the second phase of the refocused government spending that you'll be focusing on?

The Chair: There is about 20 seconds left now.

Hon. Anita Anand: The methodology is currently being undertaken. I will say that we had co-operation and participation from all ministers. The initiative is about examining our budgets. We have to find means to strengthen our spending on priorities, and reallocation of funds from other areas is absolutely necessary. Also, it's not about cutting services that Canadians rely on. We need to ensure that we support the priorities that I've outlined already today. We are examining phase two and we will share more details in the future.

The Chair: Thanks very much.

It's Mrs. Vignola next, then Mr. Bachrach. I'll have to keep exactly to the two and a half, two and a half, five and five, in order to get the minister out at a decent time.

Please go ahead, Mrs. Vignola.

[Translation]

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

Minister, my question is about the passage of Bill C-290, which would better protect public servants who disclose wrongdoing. A task force is studying the issue. I have two questions about the task force's budget.

Has the task force's budget been updated since 2022, and, if so, how? Is the budget considered sufficient, and what is the task force spending money on?

• (1820)

Hon. Anita Anand: Mr. Chair, I'd like my colleague to give me more details, because I don't know which task force she's talking about.

Mrs. Julie Vignola: In its 2024-25 departmental plan, the Treasury Board Secretariat states that it "will continue to support the task force reviewing the Public Servants Disclosure Protection Act".

Here are my questions. Has the budget for this task force been updated since 2022, and if so, in what ways? Also, what is the task force spending money on?

Hon. Anita Anand: Thank you for your questions.

That was before I became minister. May I provide a written response to the committee? I'd have to look into what's going on with that task force.

[English]

I would also like to mention that I am very committed to whistleblower protections. We supported the private member's bill of the Bloc when it came forward. I'll say, as a general matter, that I'm very supportive of the issue.

On the specific question and the group's activities, I will come back to you with the expenditures, as well.

[Translation]

Mrs. Julie Vignola: Thank you very much.

Mr. Chair, do I have any time left?

[English]

The Chair: That's a very good question.

I think Ms. Boudreau is back with us Monday. Perhaps she can present us with that information on Monday.

Please be quick, Mrs. Vignola.

[Translation]

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

According to its 2024-25 departmental plan, the Treasury Board Secretariat expects that at least 80% of high-volume government services will meet service standards by March 2025. Personally, I thought that everyone had to meet the service standards once they were set, no exceptions. Maybe I'm too naive. Why does the Treasury Board Secretariat expect only 80% of government services to meet the service standards, and not 100%?

My time is up, so please send us a written answer.

[English]

The Chair: [Inaudible—Editor] perhaps in writing, or perhaps on Monday.

Mr. Bachrach, please go ahead, sir.

Mr. Taylor Bachrach: Minister, I think a lot of Canadians were pretty shocked to discover that this individual, David Yeo, was working for the federal government at DND, while at the same time securing millions of dollars in government contracts. Treasury Board has promised a new risk framework to ensure departments are managing themselves accordingly and avoiding situations like this, where no conflict of interest disclosure was provided and it wasn't flagged by the department or dealt with properly.

Can you talk a little about how this new risk framework, if it had been in place, would have caught this situation and dealt with it appropriately?

Hon. Anita Anand: Actually, today I published a new manager's guide. This is building on the announcement Jean-Yves Duclos and I made on March 20.

That new manager's guide makes it mandatory for managers to have looked at all alternatives within the public service. Also, there's a requirement to disclose conflicts of interest before a contract is signed. The manager has to attest that no conflict exists. Essentially, that is the difference. There's the requirement to do so in writing, and it has to be done at the time of contracting. You will

recall that, with regard to the individual you mentioned, that disclosure was made and caught.

• (1825)

Mr. Taylor Bachrach: The disclosure was made, but I think it took 150 days after he was hired by the department, when the department's own requirement is that it be disclosed, I believe, within 30 days.

Is that not the case?

Hon. Anita Anand: As soon as it was caught, the individual was terminated. I was not actually at defence at the time, but I know Francis is conducting the horizontal audit across government, so he, as the comptroller general, will be able to speak more specifically to that case.

The Chair: Answer very briefly, please.

Mr. Francis Trudel (Associate Chief Human Resources Officer, Treasury Board Secretariat): The requirement, as it relates to contracting with the Government of Canada when you are an employee, requires that the actual authority be given by the deputy minister prior to the actual work to be conducted.

It's not 30 days afterwards; it's actually a requirement prior to it.

Mr. Taylor Bachrach: That's under the new rules. Is that correct?

Mr. Francis Trudel: It's under the current rules.

The Chair: Thanks very much.

Mr. Genuis, please go ahead, sir.

Mr. Garnett Genuis: Thank you.

Minister, you oversee government spending and related rules.

Can you assure this committee that you've never used government resources as part of a leadership campaign?

Hon. Anita Anand: I most definitely can confirm that I have never done that and would never do that. I actually am surprised that you would ask the question. I have never done that.

Mr. Garnett Genuis: Thank you, Minister. I think people understand that it's an important question.

Have any directives been issued to ensure that other ministers are following the rules as well?

Hon. Anita Anand: Ministers and public servants are expected to follow all rules, period.

Mr. Garnett Genuis: Have no directives been issued specifically on that?

Hon. Anita Anand: It is important for everyone to follow the policies of the Government of Canada, as well as the conflict of interest policies that all MPs are required to follow.

Mr. Garnett Genuis: Thank you, Minister. I think it's clearly on the record what was asked and what was answered.

We're here reviewing indigenous contracting as well. Documents have been received that reveal that a small number of nominally indigenous firms were able to act as brokers between the federal government and other potentially non-indigenous companies by simply getting contracts and subcontracting. This allows the contracts to fit into an indigenous contracting quota, even though indigenous people do not actually benefit because the subcontractors may be all or mostly non-indigenous.

These companies are essentially using the Dalian or GC Strategies model.

I want to ask you, when a company gets a contract under an indigenous set-aside, is there an expectation or a requirement that some percentage of subcontracts also go to indigenous firms?

Hon. Anita Anand: Indigenous Services Canada manages the list of indigenous businesses that are qualified indigenous contracting companies. PSPC manages this overall, and I will say that departments are responsible for making a request to ISC to conduct a post-award audit. The audit has to be requested when there's any suspicion at all that the requirements of the applicable policy haven't been met through delivery and Indigenous Services Canada [*Inaudible—Editor*]

Mr. Garnett Genuis: Can I just clarify my question, Minister. I'd love to hear your response on this.

Do the requirements include that a certain percentage of subcontracts from an indigenous contracting situation go to indigenous companies? Are the subcontractors tracked in any way?

Hon. Anita Anand: Right now the percentage is 33%. In other words, it's the contractor's delivery of goods or services and monitoring the contractor's compliance with the 33% indigenous content requirement for contracting companies.

Mr. Garnett Genuis: That's what I was looking for. I appreciate that—the one-third requirement there.

Is that tracked?

The committee asked for subcontracting information and we received, in almost all cases, zero information about subcontracts. I'm a bit mystified about how the government would know if that requirement is being met if subcontracting is not being tracked in any case.

Hon. Anita Anand: I actually want to clarify my answer, then I want to add one thing.

It's 33% for the contract. That would be verified in the post-audit that ISC does.

On your question about subcontractors, I actually think it is a good point. I think that we should do continual work to be able to track the suppliers in the subcontracting process.

• (1830)

Mr. Garnett Genuis: Minister, I really appreciate that comment. That's the first time I've ever questioned a minister and had acknowledgement of an important point.

I think there is a gap. We receive no information on subcontracts. We didn't get an answer from the previous minister, so I hope we'll

have agreement from this committee, and from you, to refine that process so we're tracking subcontracting information.

I want to ask one more question on this.

There seem to be instances where a small number of companies are getting an outsized proportion of overall contracts.

How much would you say is too much for a single company to get of that total share of indigenous procurement? Keeping in mind there are over 600 indigenous communities in this country, how much would be too much for a single company to get of that total?

Hon. Anita Anand: I do not have the ability to respond to that question without the overall amount of the actual contract.

I will say that the principle we operate under is fair, open and transparent competition. The 5% floor for indigenous contracts that we established as a government was meant to ensure indigenous suppliers have access to government contracts.

The Chair: Thank you very much.

Mrs. Atwin, go ahead, please.

Mrs. Jenica Atwin: Thank you very much, Mr. Chair.

I'd like to address this very quickly. I see that Mr. Genuis is particularly interested in the indigenous business procurement strategy, which is great, but I would caution him to be very careful with the language he's using. I'm not sure where he's going with the words, "nominally indigenous". I think indigenous identity is very complex. I would caution him to be careful around that discussion.

Minister, systemic racism, bias and discrimination are issues that everyone has a responsibility to resolve. Across Canada, there are still numerous barriers to entry, retention or promotion for marginalized groups in places of employment. Statistically speaking, it disproportionately impacts Black Canadians.

How is the Treasury Board working to address systemic racism and discrimination in the ranks of the public service? What benefit does the funding provided to the department in the main estimates offer to the broader public service, as well as the department itself?

Hon. Anita Anand: I have been very pleased that, at the Treasury Board of Canada, there is a responsibility to ensure that we're addressing discrimination in the public service. Discrimination is a reality. We need to do more, and we need to do more faster. I appreciate the question. It is a priority that I am taking extremely seriously.

We have a restorative engagement program that we are responding to as a result of recommendations we received from an expert panel. In fact, I'm building on my work at the Department of National Defence, where we also had a restorative engagement program. Part of that is going to ensure that we do whatever possible to address discrimination in the public service.

In addition to the restorative engagement program, we have the supports for Black public servants that we announced in February, including supports for mental health for Black public servants by ensuring that we have Black counsellors who are able to assist where needed. In addition to that, we have the School of Public Service, where we are ensuring that there are professional development and career supports for Black public servants.

I'll say that, when I announced those supports for Black public servants, one of the Black public servants in the Government of Canada came to me and said, "My son has now said that he can see himself working in the Government of Canada." I will say that there's way more work to do, but it gives you hope that things can get better when you hear comments like that.

• (1835)

Mrs. Jenica Atwin: Indeed. Thank you, Minister.

I now want to ask about the HR and pay systems of the public service.

As we all know, there's been much controversy surrounding the Phoenix pay system and the various issues our public servants have faced through its implementation. It certainly affected many of my constituents. I'm in the capital city of New Brunswick. There are many federal departments, and CFB Gagetown, as well.

Could you discuss how your department is working to ensure that Canada's public service receives adequate pay services, as well as any new measures that are being taken regarding the public service's human resources system?

Hon. Anita Anand: I am definitely committed to making sure that federal public servants are paid properly and on time for their work. It is something that I have been focused on since my days at Public Services and Procurement Canada.

The government and a number of public service unions have reached agreements to compensate current and former employees who were affected by the implementation of the Phoenix pay system in 2016. Those agreements cover general damages from April 2016 to March 2020. All employees covered by the damages agreements have now received their general damages compensation.

Also, there is a claims process in place to allow eligible current and former employees to file claims where there are severe damages.

I will say that there continue to be issues that the government needs to address. We need to resolve outstanding pay issues for public servants. We need to modernize the processes and systems to improve the overall human resources and pay experience for employees, and we will always work with all partners, including bargaining agents, to simplify human resources and pay processes.

Mrs. Jenica Atwin: That's excellent. Thank you—

The Chair: You have enough time so say thanks, basically.

Mrs. Jenica Atwin: Okay, thank you very much, Minister.

The Chair: That is all the time I have as well.

Minister and witnesses, thanks for being with us.

Hon. Anita Anand: Thank you.

The Chair: We will suspend for about five minutes or so to set up our next round of witnesses.

We are suspended.

• (1835)

(Pause)

• (1845)

The Chair: Welcome back, everyone.

We are back in session.

We would like to welcome our friends from Canada Post.

Mr. Ettinger, welcome to OGGO. We appreciate your joining us.

We'll turn the floor over to you for five minutes for an opening statement. Please go ahead, sir.

Mr. Doug Ettinger (President and Chief Executive Officer, Canada Post Corporation): Thank you, and good evening, Mr. Chair.

I'm joined today by my colleagues Manon Fortin, our chief operating officer, and Rindala El-Hage, our vice-president of finance and our comptroller.

Thank you so much for having us today, and to the committee for undertaking this very timely study on the postal service in Canada's rural and remote communities.

[*Translation*]

The work you're doing is very important.

[*English*]

I look forward very much to this report.

Like so many other businesses, Canada Post must adapt to the dramatic changes in how Canadians live and work—and shop, in our case.

Our recently released annual report makes it crystal clear that the postal service is facing major challenges financially and operationally. My focus is on how we can best meet the needs and expectations of Canadians both now and into the future with a focus on them, our customers.

Canada Post provides a service and a network that Canadians consider essential. We connect all 17.4 million addresses daily in the second-largest country in the world. We connect our country and our economy. Canadians depend on us because we deliver everywhere—not just where it would be most profitable for us.

Our service can be a lifeline for many Canadians. For small businesses, it allows them to compete in a market dominated by large, multinational e-commerce giants. For Canadians in rural and remote areas, Canada Post is one of their only delivery options. As the postal system changes, these rural and remote communities cannot get left behind.

[Translation]

We have to be there for them; we want to be there for them.

[English]

By now you've seen—and we've seen—our financial results, so I won't get into all of the details, but let me highlight a few of our challenges.

First is lettermail, which used to be our primary revenue source but continues to decline, as it does around the world in this advancing digital age. In 2006, each household received an average of seven letters a week. Last year, it was just two.

At the same time and going in the opposite direction, a growing population means that we deliver to more addresses every year—in fact, three million more compared with 2006. More addresses mean that our delivery costs continue to rise, and, year after year, the financial gap between the price of postage and the cost of providing the service widens.

We've also seen challenges in parcel delivery. Parcels are the very future of the company, and we've been making critical investments in service and capacity to better compete. Last year, these investments helped us achieve some of our best-ever service performance results in our entire history.

However, the parcel delivery market has become hyper competitive. We're going head-to-head, toe-to-toe against established global players and low-cost new entrants that emerged through the pandemic. As a result, our parcel delivery market share has been cut by more than half since 2019.

Mr. Chair, Canadians need a strong postal service, particularly in rural and remote communities.

[Translation]

We need to adapt quickly to be there for them.

[English]

For this important study, let me offer my thoughts on what a future Canada Post could look like.

To me, it requires the following.

Number one is becoming much more nimble and innovative, focused on the changing needs of our customers.

Number two is being able to invest in priority areas such as our network and bringing our legacy systems out of the Dark Ages, further improving safety for our people and continuing to green our operations.

Number three is having a delivery model with the flexibility to offer weekend deliveries, next-day deliveries and other innovative services that Canadians want.

Number four is making our post office network more small-business friendly and an easy-to-access growth hub for Canada's budding entrepreneurs.

• (1850)

Lastly, number five, we need a refreshed regulatory approach that provides flexibility to act quickly in today's hyper-competitive parcel market, while providing the appropriate checks and balances in terms of government oversight.

[Translation]

That's my vision for modernizing Canada Post.

[English]

Canada Post will continue to be there for all Canadians and Canadian businesses. We will keep working hard to evolve the postal system to reflect how Canadians use our service today and, more importantly, how they're going to use it tomorrow.

Significant change is required urgently and we're prepared for and committed to leading this change and working closely with the federal government and our bargaining agents. Canadians expect us to work together—in your roles as legislators and ours as management—to find workable solutions to evolve and preserve this great national infrastructure.

I look forward to our discussion.

Thank you.

The Chair: Thank you very much.

We'll start with Mrs. Block, please.

Go ahead.

Mrs. Kelly Block: Thank you, Mr. Chair.

Through you to Mr. Ettinger, welcome here.

I think this is our second or third meeting for this study regarding Canada Post, and I'm looking forward to hearing your answers.

Sir, can you answer this for us: What has been the biggest obstacle to Canada Post's modernizing over the last eight years?

Mr. Doug Ettinger: Thank you for that question. I appreciate that.

Really, as I mentioned in my opening remarks, our delivery costs have been going up substantially and addresses have been added as we've been growing as a country. The costs on that are very significant. As you know, we deliver to every address every day. We're proud of that. We're pleased to do that, but the cost of being everywhere every day is getting higher every day.

At the same time, our revenues have been falling in terms of lettermail, which is our most profitable line of business. It's put us in a tough position financially in terms of our having adequate funding over the long term to make the kind of changes we need to make to modernize this company.

It needs to be modernized. It needs to be more agile. It needs to be more flexible. When I say "flexibility", I mean regulatory flexibility, but also in areas of investment and decision-making.

We're in a category against some of the best competitors in the world and we have to be moving fast. I'm confident we can compete with them, but it needs to be a different model to do that.

Mrs. Kelly Block: Thank you very much. I appreciate that.

In your opening statements you used terms like “being able to invest” and “a refreshed regulatory approach”.

We've been made aware that Canada Post has not had a corporate plan approved since 2019, which is prior to the pandemic.

How much damage has been done to Canada Post by the lack of a corporate plan over the last five years?

Mr. Doug Ettinger: Thank you for that.

We've been working very closely with the government on the plan. Our last corporate plan was submitted last fall—in fact, early for 2024 to 2028. It outlines the challenges in that in great detail.

We've not been able to find alignment to get approval, but we're working with the government on a new plan. We're joint stewards of Canada Post. We're working together to try to find the right solutions. The minister and I have a good working relationship.

Right now, the focus is on short-term measures to make sure that we continue to be viable in the next few years in terms of financing, borrowing and pricing flexibility, so that we have the adequate amount of funds to continue to turn around this company.

• (1855)

Mrs. Kelly Block: With this misalignment that you have between Canada Post and the Government of Canada or the minister with whom you are negotiating to get an approved plan, what seems to be the main issue in that misalignment?

Mr. Doug Ettinger: As you know, in the laws that govern Canada Post, we have to operate in a financially self-sustainable manner, which is a good thing to have in place. We have submitted all of our plans from a business standpoint based on the need to have a long-term, financially sustainable company, breaking even or even getting past that—but mainly to break even.

However, we have not found, in that process, the alignment that both of us are comfortable with.

Again, we're continuing to work hard on it. In the meantime, we're changing, upgrading and modernizing what's within our control.

Mrs. Kelly Block: Thank you.

I represent a very large rural riding in Saskatchewan. My constituents have repeatedly raised the issue of Canada Post's long-term effort to change over addresses to civic addresses for the purposes of delivering the mail. I know that this is being replicated across the country in rural Canada.

Do you have a timeline for when this initiative will be completed, and can you tell us the difficulties facing Canada Post in getting this done?

Mr. Doug Ettinger: I'm going to pass that over to Manon Fortin, our chief operating officer, to answer, if I can.

Ms. Manon Fortin (Chief Operating Officer, Canada Post Corporation): Thank you, Doug.

We are constantly reviewing our network to assess where changes need to be made to improve service to the 17 million addresses—not just urban communities but also rural and remote communities.

We have hundreds of civic-addressing projects ongoing every year. I'm not familiar with the requests from your area, but I can assure you that we often do it at the request of the community, or we do it if there's growth that we need to deal with or changing demographics, changes in the communities—hundreds of communities.

It's not an easy change. It takes a lot of diligence and a lot of work with those who live in the community and with the cities as well.

I'd be happy to get more information—

The Chair: Thank you very much. I'm afraid that is our time.

Ms. Manon Fortin: —and to provide a clear answer on your area specifically.

Mrs. Kelly Block: Thank you.

The Chair: Thanks.

Mr. Kusmierczyk.

Mr. Irek Kusmierczyk: Thank you, Mr. Chair.

Thank you so much for being here today at OGGO. Thank you very much for bringing your insights to the work of this committee.

I want to start off by saying thank you. This is the first time I have had a chance to say thank you for the stamp that was introduced back in January, for Black History Month, of Mary Ann Shadd, who is a local icon in the Windsor-Essex and Chatham-Kent area. Mary Ann Shadd was an abolitionist. She was the first woman and the first Black woman in Canada to publish a newspaper, *The Provincial Freeman*. I just want to say thank you for that wonderful initiative.

I'm just curious. What type of response have you received on that?

Mr. Doug Ettinger: Well, thank you for raising that. I appreciate it.

One of the really enjoyable parts of my job—and our job—is to tell the stories of Canadians, a lot of unknown and Canadian heroes that we don't know about.

That stamp went over very well as part of our annual focus on Black History Month. There are so many great stories there.

We really do a good job on those, and we really enjoy putting those stories out there and getting the families involved in the communities. It's great for Canada. If you've never been to a stamp launch, you should come. They're quite emotional and quite positive.

Thank you for the comments.

Mr. Irek Kusmierczyk: That's wonderful.

Mr. Ettinger, you mentioned the word “heroes”.

I look at the 500 postal workers in Windsor as heroes. They're amazing. Especially during the pandemic, they answered the bell in a huge way. They continue to serve our community with distinction.

I'll just highlight that, two years ago, a former postal worker, Mr. Phil Lyons, received a prestigious award in our community, the Charles E. Brooks Labour Community Service Award, for being a community leader in Windsor-Essex, serving the community.

They are heroes. They not only carry and deliver the mail, as well as support our community, homeowners, seniors and others, but also make our communities better. They give back to our communities.

In budget 2024, the federal government affirmed that Canada Post will continue to be a service-first organization.

What does service-first mean to Canada Post?

• (1900)

Mr. Doug Ettinger: By the way, before I answer that directly, our employees are absolutely amazing. They are the ambassadors of our brand. They are everywhere, every day. We get tremendous positive feedback. Of course, not all of them are perfect, but they are pretty darn close to it, and we really value what they bring to the table. Through COVID, they were amazing. Just to remind everyone, they were on the front lines all through that. They never wavered from their responsibilities out there, and it was amazing to watch.

Service is priority numbers one through 10 for us. It is everything to us. It's in law, it's in our mandate, it's in our blood and it's in our purpose, which is “a stronger Canada—delivered”.

One of our recent investments through which we have tried to control things that are really important to us is a brand new facility we were pleased to open last year in Scarborough. The Albert Jackson Processing Centre, which was named after Canada's first Black letter carrier in the late 1800s, was a huge project led very well, I might say, by Manon Fortin.

That is the hub of our e-commerce model across Canada. It is an amazing facility, and our service numbers have shot up since then. The transition and stabilization have been incredible. Our on-time service performance numbers are the best we have ever seen in our history, and we're going for more. Manon has that as one of her goals for the next year. We are getting to a best-in-class level of service, and it's everything. That's what we're here for not only in urban areas but also, as we are discussing here, in rural and remote areas, where it is even more important to those folks. I grew up in a

rural area and I have lived in rural areas, so I know how important the post offices are, and we're all over that.

Mr. Irek Kusmierczyk: Mr. Ettinger, that is a great response. I definitely agree with what you have stated.

What are some ways that Canada Post measures service?

Mr. Doug Ettinger: We have more KPIs than you can well imagine. It's hard sometimes to keep track of them all, but service is number one, along with safety. Manon and her team have dashboards that are all pretty much real-time numbers. We will get the numbers from the day before, the end of the day and the last week, so we measure on-time performance based on when the product was ordered versus when it was delivered. It's a percentage out of 100, so if you're getting to 96%, 97% or 98% delivered on time, you're in the right range. Of course, we always want to improve, but our goal is to be in that range, and it makes a big difference to both our major customers and our consumers. Probably the single most important thing we can do is to get better service numbers, so we spend a lot of time doing things to enhance those numbers.

The Chair: Thanks. That is our time.

I appreciate Mr. Kusmierczyk's bringing up the point about stamps. John Ware is certainly one of the greatest and coolest Canadians ever from Alberta, so I appreciate that. I look forward to the OGGO chair stamp series as well one day—

Mr. Doug Ettinger: I haven't seen that one come across my desk yet.

The Chair: —but I appreciate the one for Mr. Ware. He is an incredible Albertan.

Mrs. Vignola, go ahead, please.

[*Translation*]

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

Mr. Ettinger, Ms. Fortin and Ms. El-Hage, thank you very much for being with us.

Time for a reality check. I'm the Bloc Québécois procurement critic, so my colleagues talk to me about problems with Canada Post, whether they're on the North Shore, in the Magdalen Islands, in northern Quebec or even in more central regions, such as Saint-Hyacinthe, which is not exactly back of beyond, unlike the place where I grew up.

Here are some of the issues people have brought to my attention.

De-amalgamated towns have ended up with identical addresses, with the same street name, the same number and the same postal code. Canada Post has simply told them to change the street name. I'm sure you see the problem. I know that, in the past, post offices have burned down, and the service was simply relocated to a neighbouring post office while it was being rebuilt. I'm wondering if there's anything that can be done to fix this problem. It's a problem with the mail, and also with emergency services.

In northern Quebec, there are more people and not enough post office boxes, so two or three families may end up sharing the same box. That's a confidentiality issue.

There are also francophones living in the north who can't get services in their mother tongue, even though—correct me if I'm wrong—that's one of your obligations.

I'm sure you're aware of problems related to shipping medications, particularly on the Lower North Shore, where there's no road, and in the Magdalen Islands, where even things like pencils for school are mailed, because there's no other way. At least, I hope you're aware of that.

Were you aware of those particular issues?

Is Canada Post looking at any solutions to these problems? They may be mundane, but they're very important to the people dealing with them.

• (1905)

[*English*]

Mr. Doug Ettinger: Thank you very much.

There are two or three questions in there. I appreciate that. I'm going to pass it over to Manon Fortin. Again, she is responsible for operations and she's very close to it.

However, before I do that, I will say again that it's service, service, service. That is our number one priority. That's where the majority of our resources go. We've never had better numbers than those we have right now, but there are areas that can be better.

Manon, it's over to you.

[*Translation*]

Ms. Manon Fortin: Thank you for your questions, Ms. Vignola.

Every day, our goal is to provide the best possible service to 17 million addresses all across Canada by means of our 21,000 delivery agents, 3,000 trucks travelling Canadian roads and 5,800 post offices, more than half of which are in rural areas.

We do a good job overall, but, as you pointed out, sometimes there are exceptions. I'm not aware of the Saint-Hyacinthe case specifically, but I'm aware of other problems, not in Saint-Hyacinthe, but in your riding.

We do encounter service interruptions. A post office may burn down, or flights may be cancelled because of bad weather, and medications may not make it to the right place. Every time this happens, we do everything in our power to find a solution with the affected communities. We usually do find solutions.

As to post office boxes, are you talking about the situation in Kuujuaq?

Mrs. Julie Vignola: Yes.

Ms. Manon Fortin: Kuujuaq is a good example. If memory serves, we are short about 20 post office boxes for people. They can be acquired, but we don't have enough space, unfortunately. We're trying to find solutions to make more space. I can assure you that our teams are aware of the situation and are working hard to resolve the issues.

• (1910)

Mrs. Julie Vignola: Thank you.

I just want to say that there are postal services all over the world, and every one of them is facing challenges. Some countries have postal services a lot like ours; others, not so much.

Are you currently looking at how things are done elsewhere with a view to improving our postal services? If so, what approaches are you looking at, and how can they improve our services? How can looking at what other countries are doing improve our services?

[*English*]

The Chair: Mr. Ettinger, before you start your answer, you have only about 20 seconds, so please be brief.

Mr. Doug Ettinger: Okay.

I deal with the CEOs of most of the postal organizations around the world. We're constantly talking about innovations and what they're doing. One of our biggest challenges in Canada, in a big-picture point of view, is that it's this vast piece of land that we love and have and that has a low population density. It's really a logistics challenge to connect all of that on a daily basis.

I think it's kind of amazing what we're able to do in terms of 17.4 million, but as Manon said, we do make mistakes. We need to hear about those. We will follow up on those accordingly, because we want our customers to be happy, particularly in rural and remote areas. We're committed to that. We've been there all along for the rural areas, and we're going to continue to be there.

The Chair: Thank you very much.

Mr. Bachrach, please go ahead, sir.

Mr. Taylor Bachrach: Thank you, Mr. Chair.

Thank you to our witnesses.

Thank you, Mr. Ettinger, for being here. In 1994 the Liberal government promised that no more rural post offices would close. How many rural post offices has Canada Post closed since that time?

Mr. Doug Ettinger: Look, I joined about five years ago, but I know that a number have closed. I will say this, though—

Mr. Taylor Bachrach: Do you know the number?

Mr. Doug Ettinger: Yes. I've heard that 600 have closed in the last 30 years.

Look, our approach on the post offices is that we want to keep them. We don't want to close them. We do everything we can to our goal, and our number one goal is to replace the postmaster. We work with the communities, but sometimes we can't find a solution despite everything. You represent a rural riding in northern B.C., and I appreciate the challenges of all that.

I would say that in the last five years, for example, we've been able to replace 90% of the ones that came up where there was something that happened—the postmaster was retiring or moving away or the lease was terminated or whatever. We've been able to fill 90% of those. Some are outside our control and we can't solve them. In fact, the charter back in 1994 contemplated that there would be some things that would be outside of our control.

Look, we've got more post offices than Tim Hortons and McDonald's combined, and I think—

Mr. Taylor Bachrach: But we're losing them all the time. We lost 33 last year. We lost 25 in 2022.

Mr. Doug Ettinger: Yes.

Mr. Taylor Bachrach: I've been involved in working with your team to try to get post offices re-established. Your team on the ground does good work. But the starting wage for a rural postmaster is \$18.44 an hour. The rent that you pay, the stipend, which covers rent, snow removal, insurance and all of these things, is \$1,357 a year. Is the fact that Canada Post offers such poor compensation to rural postmasters part of the problem when it comes to recruiting and replacing postmasters? Is that what's driving this disturbing trend of rural post offices closing?

Mr. Doug Ettinger: Thank you for that question. It's an important question.

Again, we want to remain in rural and remote Canada. We do not want it to be left behind. It's our goal to replace every single one of them. But we shared the salary ranges and so on. It goes as high as \$30, depending on the size of the community and the volumes and so on.

But it's worked, although I'm not saying it's perfect. At some point, maybe—

Mr. Taylor Bachrach: But it's not working. We're seeing post offices close every single year. Part of the reason they're closing is that Canada Post is not recognizing the importance of those roles with a compensation package that is able to recruit people in rural communities. I don't know many people in rural communities in northern B.C. who are willing to work for \$18.44 an hour. These are federal employees who are handling the mail. Like, how is it possible? Where do you get market rent for \$1,357 a year?

You know what's happening; those rural postmasters are taking those jobs because they know how vital the post office is to their communities. The information we have is that they're paying out-of-pocket to keep your post offices open. They shouldn't have to hold a bake sale to deliver federal services in rural communities across Canada. This is on your watch. How are you allowing this to happen?

• (1915)

Mr. Doug Ettinger: I appreciate that. It's a good point.

Again, it's worked over time. I think we've been pretty darn successful in replacing them.

The world has changed. Canada has changed in the last 30 years. What are we now—40 million people versus 25 million? It's hard to attract, get and retain people in rural areas. I think we all know that. It's unfortunate.

Oftentimes we're the last building standing. We really want to stay there. We're not trying to get out of it. I'd like to see....

Mr. Taylor Bachrach: I would offer that one of the ways you can attract and retain people is by paying them more than minimum wage.

This challenge has been going on for a long time. We've lost 600 post offices since 1994. Every year the minister sends the person in your role a letter of expectation. Has a minister ever specifically expressed concern about the loss of rural post offices in a letter of expectation?

Mr. Doug Ettinger: I believe it's been mentioned. I don't have them all top of mind. However, I believe, that in the mandate letters, it's been talked about in terms of rural post offices, absolutely. It's important to me, so it didn't bother me that it was in there. I support it.

By the way, this is all in negotiations right now with the postmasters' union, the CPAA. It would be inappropriate for me to talk any further about it, because those discussions are active as we're talking here.

We're concerned about this. As I said, we want to fill these positions.

Mr. Taylor Bachrach: The post office in Dease Lake in northern B.C.—a very small community—was closed. Canada Post contracted out the services to the band, and the band is now having to subsidize the operation of the post office to the tune of about \$30,000 per year. They want to give that service back to Canada Post. They want Canada Post to reopen the Canada Post post office in that community. Are you willing to do that?

Mr. Doug Ettinger: Again, I'll just say that this service is very important to us—rural, remote, northern. We're sending, today, 300 charter airplanes into the north every week to service the remote and rural post offices. We're so proud of that. I can tell you that we're probably losing money on every bit of that, but it's the right thing to do, the right thing for Canadians, and we're proud to do it. We're committed to the—

The Chair: Thank you very much. That is our time, I'm afraid. Perhaps we can get to it in the next round.

We have Mrs. Kusie, please.

Mrs. Stephanie Kusie: Thank you, Mr. Chair.

Thank you very much, Mr. Ettinger, to you and your team for being here today.

In Canada, the theft of mail is an indictable offence under section 356 of the Criminal Code and carries a maximum penalty of 10 years in jail or a \$5,000 fine. I'm sure, as you well know, it's certainly not an offence to be taken lightly.

I have been a victim of mail theft before, so I have a significant appreciation for how deeply this can affect a Canadian. I had portraits that I was waiting for taken from my mailbox at one point in time.

This is not a small crime, nor is it taken lightly under the Criminal Code. Therefore, do you think that \$500 is a significant enough penalty for a member of Parliament who has admitted to stealing mail from Canadians?

Mr. Doug Ettinger: Let me just say this: The sanctity and the security of the mail is critical to us. In fact, we have a whole department of security that reports to Manon Fortin, which is engaged on a 24-7 basis. We have a control centre here in Ottawa. We have eyes on all of our facilities across Canada. Mail theft and stealing community mailboxes and others continue to be a problem. We're very concerned about that. We're watching and dealing with that closely.

Whether \$500 is appropriate, I think, is up to politicians to really decide. It's not my decision. However, the way we look at the mail is just that—it's critical. We do everything we can to protect it from being stolen, but there are cases where that happens.

We work closely also with the RCMP and other law enforcement agencies, and we have good contacts with them. We're integrated, really, with them when things are happening. They help us, we help them, and so on.

However, in terms of the \$500, I won't comment on that. I don't think it's my purview.

• (1920)

Mrs. Stephanie Kusie: I'm very glad to hear of the security measures that you are taking in an effort to ensure that this doesn't happen again, but we do have another election coming up within 18 months. Are you concerned that this might occur again, given that it has occurred in the most recent election? Does that concern you? Do you think it might be a possibility?

Mr. Doug Ettinger: Well, of course, anything's possible, but while I'm extremely focused, and our security team is focused on this to ensure that it doesn't become a problem, I believe we have it under control. We do have issues. I get a nightly report on what security issues have occurred the night before across the country. There are issues there.

I don't think it's at a level that will threaten.... It won't threaten an election. There is no issue in that regard, from my standpoint and from everything I'm seeing. It's never been an issue that, internally, has been raised to us as an extreme situation. It's under control. We have a good team. A lot of the team are ex-RCMP or ex-military, and that's one of the reasons why we have such good communications with those law enforcement groups.

Mrs. Stephanie Kusie: Excellent. Thank you for that.

Of course, as Conservatives, we're always very concerned about the good use of taxpayers' dollars and are always interested as to where their money goes. I'm seeing in a response, from the appearance of your last colleague, that there are 408 employees currently at Canada Post who are classified as executives.

Could you please share with the committee who earned bonuses this last year out of the total number of executives, the 408?

Mr. Doug Ettinger: Let me just say this. Let me put it in context first and foremost. Our payroll, annually, is \$4 billion. That's just salary and wages. We also have another billion—I'm rounding here—in benefits, for a total of \$5 billion, so it's \$10 million a day. It is huge, and we do have a bonus program. It's called CTI, and it was developed back in 2010 or 2011, I think. It's for all employees, and it's never paid out a dime in its history because our financials prevented that.

The Chair: Thanks. That is our time.

Mr. Sousa, please.

Mr. Charles Sousa: Thank you, Mr. Chair, and thank you, Mr. Ettinger, for being here today.

You spoke, earlier, about the excitement of going to an unveiling of a stamp. In 2003, I did attend one of the unveilings of a stamp of your very first mail carrier for Canada, Pedro Da Silva. In 1693, he was the first in New France to deliver mail from Quebec City to Montreal. He was celebrated. He's actually on a plaque outside your office in Montreal. It was unveiled on the 50th anniversary of when the Portuguese first came to Canada through an arranged agreement with Canada and Portugal in 1953 at Pier 21 in Halifax. My dad was on that very first boat. The community was very excited about this anniversary stamp, as well as acknowledging this individual as having been a Portuguese immigrant back in 1693 to deliver mail. Thank you for that, and thank you for the acknowledgement for the community.

An official from PSPC came to this committee back on April 8, 2024, and talked about the similarities of the challenges Canada is facing to Australia's. The response was that we needed to be more creative. You spoke about the five recommendations you've made. One of them is to refresh the regulatory approval systems. I would be interested in knowing more specifically about what regulatory changes you would propose. Can you discuss the Australian model and how it's affected their services in rural communities?

Mr. Doug Ettinger: Thank you for that question. I appreciate that.

I happen to know the Australia Post CEO very well. In fact, he came in by Zoom to our latest board strategy session in Montreal to share some of his learnings with us.

I'll just say that in their country, they've been able to get a little more flexibility around their operating model—their delivery model. I'd say if there's one key word that I want to leave you all with today, it's “flexibility”.

Let me just say this: Our operating model was built back in the day—really in the last century. That sounds a little dramatic, but it was built for a paper-based economy—almost pre-Internet—and that is holding us back. I would say right now—and forgive me for this terrible analogy—we are driving a 1967 Chevy in a Formula One race. That's where we are right now. We're tenacious and we have lots of new parts in the car, but it's a tough one.

We need more flexibility to compete. We need more flexibility in how we deliver, like weekend deliveries, evenings or next day. We need flexibility in our regulatory structure to be able to respond faster. Flexibility in pricing can help us with some of the financing issues we've had. We also need flexibility to invest and improve service—to invest more in our people and invest more in safety.

We have to continue to modernize Canada Post. It's a wonderful organization that is a platform for change across Canada. People care about it. We know that.

We're in a fight—a dogfight—for every parcel out there right now and we're up against some of the best competitors in the world. I don't have to name them, but they're global icons, in terms of both shippers and e-commerce.

The flexibility we need is along those lines. It's basically modernizing Canada Post. I believe we can do it. I think we have the talent, the tenacity and the people to do it.

• (1925)

Mr. Charles Sousa: Can you explain the “rural” definition for the moratorium? Should it be updated?

Obviously that's the biggest challenge that's being faced. In the urban centres, we're okay. I mean, we have a lot of competition, but there is a large concentrated population to make it worth your while.

Explain to me what it is and how do we stay true, in essence, to the intended purpose of the rural definition for the moratorium? What are we going to do to make it better?

Mr. Doug Ettinger: That's great question and a really important question.

The moratorium, as you know, has been in place for 30 years—since 1994. A lot has changed in Canada, as I mentioned earlier, so I won't repeat that.

The list was created by the government at the time, not Canada Post. Many of the post offices in that moratorium were rural at the time, but are now very much in urban areas. I'll just pick a couple. Stittsville, outside of Ottawa, was very rural and is very suburban now. There's also Richmond Hill and Milton. These areas were rural at the time. They're sure not rural any more.

The moratorium is protecting those post offices, which typically have a franchise service nearby—within a couple of kilometres. There are quite a few of those in Canada now.

My concern around that is it may be stopping us from getting the right resources out to the rural areas where we need it even more. You're well served in the urban areas and, unfortunately, well served by our competition, which is essentially cherry-picking the

top seven cities in Canada. They basically stay in that lane, within 200 miles from the U.S. border, and don't really....

We actually deliver some of their product north. We go north. We go everywhere every day, so we're getting cherry-picked to death.

The Chair: I'm sorry, Mr. Ettinger. We're past our time. I have to cut you off.

It was an interesting answer and, Mr. Sousa, I appreciate your opening comment. It was interesting to hear.

It's Mrs. Vignola next, but before we start, colleagues, could you just watch the clock and try to get your questions out in an appropriate time for Mr. Ettinger to answer?

Thanks very much.

[*Translation*]

Mrs. Julie Vignola: Thank you, Mr. Chair. I'll make sure I stick to my time.

Earlier, my colleague mentioned Australia, a country that's essentially a continent in and of itself and that has its own challenges in terms of rural and isolated communities.

When I talked about examples from other countries earlier, I was thinking of what Australia and the United Kingdom are doing with drone deliveries.

What can be learned from that? How does the Australian experience compare to ours? How can we apply their best practices, and how can we learn from their mistakes?

• (1930)

[*English*]

Mr. Doug Ettinger: To Mr. Sousa's question—I didn't fully answer it—I'm talking to the CEO of Australia continuously. In fact, I'm going to be seeing him in a few weeks. We joke that we're very similar countries. We have snow, they have sand, but otherwise we have a lot of similarities. We have a lot of empty space too. Again, the population density in Australia is actually lower than Canada. We're two of the lowest in the world for population density. They're three people per kilometre, we're four per square kilometre, so we have the same challenges. If you look at most of the G7 countries—and again, I meet with them continuously—they're all struggling with the very same issues. We compare notes. We're talking about all these things.

One thing is that, in Australia, they're able to use electric vehicles quite well in that marketplace. They're able to develop a pricing structure, with their government, that works quite well to generate funding so that they can have the funding to turn around the company. That's worked well.

I was on the phone, honestly, last night with Australia about IT because IT is really behind the scenes, a really big factor on e-commerce. We're connected to every retailer in Canada, so if that isn't right, the shipment doesn't happen and there are problems with the customers. It's the behind-the-scenes hero in all of this. They were asking us for our learnings on some of the changes we've made to bring IT in-house, to get world-class IT right in close with our business units to make sure we're working together, so we're helping each other all the time.

The Chair: Thank you very much, sir.

Mr. Bachrach, go ahead.

Mr. Taylor Bachrach: Thank you, Mr. Chair.

Mr. Ettinger, you mentioned...I believe you called them "multi-national e-commerce giants" that are eating Canada Post's lunch in the big urban areas, and that you deliver their stuff to the north, to rural and to remote communities.

What's happening in the communities I represent is that people are trying to order things online because there are very limited retail opportunities in communities of 100 people, and they are getting gouged for shipping costs to rural places, so these global multi-national e-commerce giants are getting a deal. You're giving them a bulk deal because they ship so much stuff with you, and then they're marking the products up to the point where the shipping can cost more than the product. People on Haida Gwaii have to spend \$150 to get a small order from an office supply company. This is absolutely wrong.

I'm not suggesting that this is the doing of Canada Post, but these companies are using your postal codes to determine which communities to gouge. How do we stop this? What's the role of the federal government in stepping in and saying it's absolutely unacceptable that these companies are forcing rural residents, residents in remote communities and in Canada's north, to pay through the nose for a service that our government is providing via a Crown corporation funded by taxpayer dollars? How do we address this?

Mr. Doug Ettinger: That's an excellent question. I'll just say, again, from our standpoint that the focus is on service. Recently, just as one example, we're working with indigenous communities as well. We upgraded something like 45 post offices in the last year or so. We built four new community hubs on first nation land—

Mr. Taylor Bachrach: [*Inaudible—Editor*]

Mr. Doug Ettinger: I'll come to it—

Mr. Taylor Bachrach: Okay. We have just 2.5 minutes.

Mr. Doug Ettinger: I'm sorry. I'll be quick.

We opened a brand new post office in Iqaluit—the number two post office. It's all about service—

Mr. Taylor Bachrach: However, none of that addresses the problem I just mentioned.

Mr. Doug Ettinger: Right, and so I think that's the purview of the government to figure out what the.... I'd certainly be happy to provide input on that. Our job is to serve the north and remote, to serve it the best way we can and, as I said earlier, to charter flights at our cost, which we should be doing, to the north to make sure they have these products. They don't have a lot of choice, and that's concerning to me. It's high cost, but that's outside of my bailiwick, in my opinion. I think government should look at that.

The Chair: Thank you very much.

Mr. Genuis, please go ahead, sir.

● (1935)

Mr. Garnett Genuis: Thank you, Chair.

Just to clarify the structure that you operate under, you're the CEO of Canada Post, which means that you exercise a lot of authority over operations, but you're ultimately constrained by policy that's put in place by the government.

You talked in general terms about modernization, but I challenge you to be as specific as possible. Let's imagine a world in which you don't have the kinds of constraints that you have as a result of working within a Crown corporation, or that you can actually do whatever you think is best to restructure the company. Can you tell us, specifically, what kinds of more innovative and even radical measures you would undertake, if you didn't have those constraints, along the lines of modernization?

Mr. Doug Ettinger: Again, I'll go back to what I talked about earlier. The market has changed so much. The expectations of Canadians and customers have changed so much.

Coming out of COVID with all these new upstarts has changed the game completely. They are much more flexible than we are. They're 24-7. There was a delivery on my street—not for me—on Easter Sunday and on Labour Day Monday. These low-cost, non-union players are much more flexible than us.

Again, I would come back to the word "flexibility". I'm sorry. We need more flexibility on how we deliver. All of our competition is doing weekend delivery. Right now, we're the only ones who aren't. That has to change.

We're talking to our bargaining agents about that right now. Those negotiations are under way, so I can't talk about that any further, but—

Mr. Garnett Genuis: To prove that point specifically, how would weekend delivery reduce your costs? It would seem, on the face of it, that it would increase your costs.

Mr. Doug Ettinger: It will grow revenue. A weekend right now is not huge, but it's going to be. It's become the norm. If you remember when we opened Sunday shopping many, many years ago—

Mr. Garnett Genuis: Would that involve charging more for weekend delivery, then? Or would it involve the same rate—

Mr. Doug Ettinger: Not necessarily, but when you're dealing with customers, it's so important that their end-consumer gets that product quickly, even if it's on Saturday morning or Sunday night.

They won't work with us—

Mr. Garnett Genuis: Therefore, they'll be more likely to work with you as opposed to others, if—

Mr. Doug Ettinger: Thank you. That's it. You have to be in that game. You have to be competitive. You have to be flexible.

Mr. Garnett Genuis: What else? What other kinds of radical changes would you consider?

Mr. Doug Ettinger: There are so many innovative things. We look and continue to look at all of the things that are happening around the world, such as parcel lockers. We're adding technology right now to the community mailboxes to let people know when there's something in there so they don't have to drive up, check and hope there's something there.

There's a lot of technology that we can bring to the table that can change the game for us in terms of better efficiency, better customer engagement and all of those things.

There are so many possibilities, including pricing. We need a pricing structure model that enables us to get reasonable pricing based on where inflation is on an annual basis so we don't have to go through that whole process.

Other countries are now doing that. They're setting up models whereby you work to a calculation each year based on inflation and other costs. For example, the United States—this is really new—now gets two opportunities for price increases every year. Their stamps were notoriously low-priced, the lowest in the world. They're about to go right past us pretty quickly. They're using that as a way to turn around their company in the United States, as one example.

Mr. Garnett Genuis: To make these changes—taking you out of that imaginary world where you get to make all of these decisions yourself—are you bringing these kinds of ideas to the government? What kind of responses are they giving you on the weekend delivery piece or on the price piece?

Mr. Doug Ettinger: Weekend delivery is something we have to work out with our bargaining agents. We have constant conversations with the department, PSPC. I talk to the minister and his deputy minister on a regular basis. The communication lines are very good, but we have not been able to align on all of the right solutions.

I'm not saying that we're perfect. We may have missed a couple of things, but we know what's going on around the world, and we know what's working.

Mr. Garnett Genuis: Yes. In terms of aligning, I understand that the minister may not agree with you on certain particulars. Obviously that's the minister's prerogative. The minister is responsible ultimately to the people of Canada for the decisions that are made.

On the lack of approval for the strategic plan going back years and years, it seems like there's a problem being able to make a decision on any kind of direction from the minister.

How do you explain the lack of approval on a strategic plan, that seemingly ongoing misalignment, and the failure to identify solutions between Canada Post and the political decision-makers?

• (1940)

Mr. Doug Ettinger: Yes, thank you—

The Chair: I am sorry to interrupt, but there is no time left for an answer. Perhaps in the next round for the Conservatives, you can take time then.

Mr. Bains, go ahead.

Mr. Garnett Genuis: If you just hold on to that, you can answer it during my next round.

Mr. Parm Bains: Thank you, Mr. Chair.

Thank you, Mr. Ettinger, Madam Fortin and Madam El-Hage, for joining us today.

I would also like to echo my colleagues in recognizing our hard-working postal workers who serve our communities across Canada. In fact, a childhood friend of mine, Paul Bahia, is nearing his 25 years of service. He is a beloved member of our community in Richmond, British Columbia. He has coached over 3,000 kids in youth soccer. Even the dogs love him.

Voices: Oh, oh!

Mr. Parm Bains: On the issue of stamps, I want to share a really proud moment for the Sikh Canadian community. A stamp was made to celebrate the contributions of the community in 1999. It was a very proud moment for the community. Thank you again for recognizing that.

My question is around the greening government strategy, the approach to meeting or exceeding national climate objectives in its own operations—reducing the climate and environmental impact of federal government operations, supporting the sustainability goals, reducing greenhouse gas emissions, and the resilience of assets, services and activities through climate adaptations.

As part of this strategy in its operations to be net zero by 2050, has Canada Post taken any measures to reduce its emissions and improve the sustainability of its organization? Can you talk a little bit about that?

Mr. Doug Ettinger: Thank you for that. It's another great question.

Yes, we've taken it extremely seriously. It has been in our mandate letters. We've embraced it as an organization. It's an important part of our brand. I'd say we've made good progress, but we're on a journey that is a long journey, so we're nowhere near where we need to be.

I'll give a couple points of evidence around that. The Albert Jackson Processing Centre is very much a green-certified building for its size in Canada. It's a huge facility. It has solar panels on the roof. It has electric charging stations, etc. Also, we scorecard and monitor and are working on a number of programs around our environmental performance. We brought down our scope 1 and scope 2 GHG emissions by 17% last year. We have actual numbers that are on my scorecard in terms of progress. We launched a new product last year called "carbon-neutral shipping". Basically, it's ground shipping that still emits carbon, but it's a lot less than other alternatives.

We're very pleased with those. We've been recognized by a number of bodies for our actions—not just our talk, but our actions—in that regard in terms of the environment. As I said, it's an important part of our brand. It's something we're committed to. At the same time, the financials concern me deeply. We have to bring the financials into line, and we intend to. On the ESG side, the environmental side, we're pleased with where we are.

Mr. Parm Bains: Is that impacting, say, the fleet in any way?

Mr. Doug Ettinger: Yes. Thank you. We have one of the largest fleets in Canada, if not the largest. People may not realize that. We have about 14,000 vehicles. We've committed to converting those to electric by 2040. We've started to phase them in, in a small way. We have a long way to go, but we're very pleased with that so far.

We're learning a lot on that. The big thing with electric vehicles is the infrastructure. You have to get the infrastructure in properly. There's a lot of learning there. We're learning as we're going, but we're very committed to that, yes.

Mr. Parm Bains: Thank you for that.

With respect to the rural and remote communities and the indigenous communities who often live in a lot of these rural communities, in terms of the need to ensure the access and the range, Canada Post recognizes this obligation as part of its commitment. Can you explain how Canada Post approaches reconciliation?

• (1945)

Mr. Doug Ettinger: Yes.

The Chair: You have about 25 seconds, please.

Mr. Doug Ettinger: Okay.

We launched a five-year strategy in 2022 on indigenous reconciliation. We were the first Crown at the time to do that. As I said, we've already improved 45 indigenous post offices in their communities, on their first nations. We have another 25 planned for this year. We have a 5% target on procurement. We're at 4%. We actually have an employee percentage target. We're at 3.3% right now in our organization.

We've built four community hubs on first nations land in the last couple of years—Membertou in Nova Scotia, High Prairie in Alberta, Fort Qu'Appelle in Saskatchewan and Little Current on Manitoulin Island in Ontario. We're very pleased with those. We're working hard on that.

By the way, we've opened six new full-service post offices in rural locations since 2022.

The Chair: Thank you very much.

We have Mrs. Block, please.

Mrs. Kelly Block: That always catches me by surprise. I'm not sure why.

Mr. Ettinger, we have seen recent reports in the media that Canada Post is going to have a role in the gun buyback program through the shipping of guns. It's my understanding that Canada Post had previously done a risk assessment of being involved in that program and found that there were too many risks for Canada Post to be involved in it.

Is Canada Post being pressured to participate in this program, or was there another risk assessment conducted that found there were not as many risks as previously thought?

Mr. Doug Ettinger: Thank you. I appreciate that.

I'll say that employee safety is our top priority, and this is unequivocal. For me, it's my clear responsibility to keep our employees safe and the public safe, because post offices are public locations.

We did an internal safety assessment. We were not comfortable with the process that was being proposed in ongoing discussions over the last few months. Our position is that we're just not comfortable with elevated risk.

We're not set up for it. Our buildings are not set up with security or proper storage. The buildings aren't that secure overall in the way I'd like them to be. This is not in our expertise. This should be best left to those who know how to handle guns, how to dismantle them and how to manage them so that no one gets hurt. It is not something that we're comfortable with at all.

Mrs. Kelly Block: Thank you.

I'm sure you have communicated that back to those who may be suggesting that you should be. What has the response been so far to the assessment that you yourselves have conducted and the answer that you've come up with?

Mr. Doug Ettinger: Well, our position stays the same, but I know there are discussions ongoing on other alternatives that might make sense.

I've always, on any issue, taken an open-minded approach, because I don't pretend to have all the answers. I'll get the right team on it with the right experts who can try to figure it out.

The discussions continue, but our position is clear, based on the approach that was being considered. We're just not comfortable from the elevated risk assessment of that. I would not live with myself if somebody got hurt—it's almost that simple.

Mrs. Kelly Block: Thank you very much.

According to projections prepared for Canada Post by Ernst & Young, Canada Post was projected to have losses of \$721 million in 2026, yet it has already reported a full-year net loss of \$748 million in 2023. Canada Post has already surpassed loss projections three years out, and you've projected that early. How is this sustainable?

Mr. Doug Ettinger: It's not. We have to undergo substantial change.

The business model, as I said earlier—I'll take a slightly different angle now—has outlived its useful life. I think it worked at the time when it was a lettermail monopoly. The price of letters covered the cost of delivery at that time. We were able to ride the early wave of e-commerce where we were the only game in town, and we had excess space at the time. In the early days of e-commerce we were able to incorporate those volumes.

Through COVID, things changed a lot. With new competition coming in, that business is under attack—every bit of it. It is a fight. I'm not being dramatic by saying that.

Our business model needs to be updated. It is done, finished, and it probably has been for 10 years. This is not rocket science in lots of ways. For us to be competitive—and I'm confident we can be—you have to have the flexibility to be able to do some of the things I talked about earlier to basically compete head on with these companies that are great strategists and have done lots of great things. We need that flexibility in how we deliver, price, make decisions, operate, invest, and how we support our people right down the line.

• (1950)

The Chair: Thank you very much.

Mr. Jowhari, please go ahead.

Mr. Majid Jowhari: Thank you, Mr. Chair.

I would like to welcome Mr. Ettinger.

A number of times in your responses, and even in your opening remarks, you said that the business model has changed. You just re-confirmed that it is not sustainable and that you need to take a different approach. You've highlighted the fact that—

Mrs. Kelly Block: And that there's a misalignment.

Mr. Majid Jowhari: —Canada Post can compete, but not within the current model and, therefore, that you need a different model.

You put flexibility at the heart of the new model. To the best of my recollection—I was taking notes—you said you needed a different model of competition or flexibility in competition: You needed flexibility in pricing; you needed flexibility in investment; and you talked about flexibility in delivery, for which you gave the example of evening and weekend deliveries.

I'm sure you have looked into alternative delivery models such as drones and central mailboxes, especially in urban areas like Richmond Hill. By the way, thanks a lot for the shout-out to Richmond Hill. In urban areas like that, that model could work very well.

Can you give us examples of flexibility in investments and pricing that would help you? Given your five different recommendations and what you have in mind, it looks like all you need is a

green light to be able to do this, and for a green light, you need partnership. As far as delivery is concerned, you need investments and you need a partnership with the postmaster. Can you talk about the investments and the flexibility you need for pricing?

Mr. Doug Ettinger: The bottom line is that customers' expectations changed a lot through COVID. They basically want three things right now: fast, free and flexible.

The competitors out there have set the bar pretty high. People expect next-day delivery, but not so much same-day delivery. That's the ball game we're competing in right now, but our structure isn't really set up for that.

When I talk about weekend delivery, it's something we have to negotiate with our bargaining units, and we're doing that right now. The cost of weekend delivery is prohibitive for us because of overtime. It will be quite a large number to do that; otherwise, we would have done it already. That's one example.

In terms of pricing, if you look at other markets around the world, the U.K., Australia, France and even the United States have been able to work out a pricing approach based on a calculation that incorporates inflation, costs and what else is going on in the economy, the market and so on. We've had two price increases in the last decade, and we've had none in the last four years. Therefore, we need that funding in order to support the turnaround strategy we're trying to execute with the rest of the organization. That gets into investments in electric vehicles or in centralized mailboxes, which you raised.

By the way, the government's clear direction is to keep door-to-door delivery where it is today and not expand the use of community mailboxes, and we certainly abide by that and respect that strongly. However, the experience with CMBs has actually been quite good over time in that they're secure, safe and convenient, and they're efficient for the organization.

• (1955)

Mr. Majid Jowhari: Thank you.

I have about 45 seconds, and I want to go back to pricing.

You said there were only two price increases. When you talk about the flexibility of pricing, are you talking about something that's out of Canada Post's control and is dictated so that you can't lock in prices for next-day or two-day delivery of x dollars or y dollars, and a price for weekend delivery of z dollars? Can you not do that?

Mr. Doug Ettinger: We can price our parcels in e-commerce accordingly, as it's a competitive market. What I was referring to there were lettermail rate increases, which are controlled by the government and by GIC approval.

Mr. Majid Jowhari: Thank you.

That's my time.

The Chair: Thank you, sir.

Mrs. Vignola.

[*Translation*]

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

Mr. Ettinger, I have a whole series of questions for you. You may have to answer in writing, because I have only two and a half minutes.

A few days ago, we found out that there had been fraud involving Canada Post's microloan program. Were those frauds committed internally or externally? What is the estimated total amount of fraud? What can Canada Post do to recover those amounts?

Earlier, you said that Canada Post needs more flexibility, and you made comparisons with other non-unionized parcel shipping giants. Are you suggesting that unions are currently hindering Canada Post's profitability? Do you see unions as a way to achieve greater flexibility by exchanging ideas and solutions? Where do you stand on unions and how they affect Canada Post and its profitability?

[*English*]

Mr. Doug Ettinger: Thank you for those. There are a couple in there.

You mentioned a fraud with regard to a bank program. Could I ask which program that was so that I can be clear in my answer?

[*Translation*]

Mrs. Julie Vignola: It was a microloan test program that ended just a few months after it was launched, in November or December 2022, if I remember correctly.

[*English*]

Mr. Doug Ettinger: Okay.

Thank you.

The Chair: I'm sorry to interrupt.

You only have about 30 seconds, so perhaps you can answer one and respond in writing to the other question.

Mr. Doug Ettinger: Yes. I'll answer the first question, and we'll get back to you on the other one.

We launched a program in late 2022 with the Toronto-Dominion Bank as our partner. We piloted it, and then we launched it nationally. Their security folks were very good and picked up on some irregularities very quickly, and we suspended it immediately. We did a full review and decided as partners to not go forward with the program.

There were a lot of learnings from that, and we're committed to developing more financial services for rural and remote areas, most importantly, going forward.

The Chair: Thanks very much.

Ms. Mathysen, welcome to OGGO. I'm afraid you only have two and a half minutes, but please go ahead.

Ms. Lindsay Mathysen (London—Fanshawe, NDP): I'll see what I can do, Mr. Chair.

As I understand it—and I am new to this conversation, but not so new, I guess, to the overall issue—Canada Post is going to be proposing a reduction of postal delivery, potentially, to three days per week. I believe that the union, CUPW, is arguing that instead of looking to that to save money.... You consistently talked about the current and past business models not working and the flexibility that you need.

Going in an entirely different direction would be to expand out and work with the union to ensure that the program that they've had on the books for so long, delivering community power, would look at that expansion, and showing the need for Canada Post in terms of postal banking, other check-ins, community hubs, charging stations, and all of those things.

Is that part of your current negotiations in terms of making the changes that you're looking to make?

● (2000)

Mr. Doug Ettinger: Thank you. There are some good questions there.

The first thing to stress is that we are in active negotiations with CUPW right now, so I can't say too much. However, I will say this: Alternative day delivery is not on the table with them, and it's not something we're looking at. We understand the program.

Actually, at first glance, when you look at it, you say, "Well, why wouldn't it be reasonable to deliver two days per week or three days per week?" The issue is that our network is a collapsed network that carries parcels, direct mail, and letters together. Think about the letter carrier. Even if we only delivered letters every second day, we still have to go through the route because to be competitive in e-commerce and parcels, we have to be there every day.

In fact, the answer to this now—and it does dovetail with what you said—is that we need seven-day delivery. That's what we need. We don't need fewer days. It's mainly to compete on parcels because that's where that market is.

Ms. Lindsay Mathysen: It is my understanding that [*Technical difficulty—Editor*].

I'm sorry; I have mic issues.

It is my understanding that the union is entirely open to that suggestion and that it's willing to work with you on that. Again, in terms of that expansion, are you fully looking at expansion? Even food delivery, as we've seen, and that competition that you're talking about from those smaller businesses would help with that.

Mr. Doug Ettinger: Yes, we're—

The Chair: I'm sorry. I have to interrupt.

We haven't left any time for an answer, I'm afraid.

Ms. Lindsay Mathysen: I had mic issues.

The Chair: I'm sorry.

Perhaps you could get back to the committee in writing on some of the issues brought forward. Actually, while we're talking about that, the committee has passed a motion that for such information we request everything back within 21 days.

Now we'll go to Mrs. Kusie, and then we'll finish this round with Mrs. Atwin.

Mrs. Stephanie Kusie: Thank you, Mr. Chair. I appreciate it.

Mr. Ettinger, I'm sure that Canada Post believes in the importance of privacy for Canadians. Of course, as you have mentioned several times over, you are here to serve Canadians. I'm sure you want to responsibly act on your mandate.

I'm just concerned about your decision to fulfill your mandate in taking the personal information of Canadians without their informed consent and selling it to third parties.

What words can you provide to Canadians to ensure them that you are ethically fulfilling your mandate while disagreeing with the recommendations set out by independent officers of Parliament, please?

Mr. Doug Ettinger: Thank you for that question. That's an important question.

I'll start off by saying that the trust of Canadians when it comes to privacy is second to none. We take that very seriously. We announced some changes to our Smartmail Marketing program—I guess it was at the end of February—following a concern. One complaint came through the Privacy Commissioner. We've made a number of changes related to this that are already effective.

One is no longer offering aggregated online shopping trends at the postal level for retailers to review.

We've discontinued using data from publicly available directories combined with our own operational data to validate an incomplete address. In that case, we've stopped doing that, but we're only trying to make the service better.

We're working hard to increase the transparency and awareness of our direct mail marketing program, so that people know how to opt out of it if they want to opt out. We're doing that through online, on social media, in our post offices and so on.

We continue to work with the Office of the Privacy Commissioner. We have a good, ongoing dialogue with him and his team and we respect the Privacy Act to the nth degree and will continue to respect it going forward.

Mrs. Stephanie Kusie: Thank you very much for that response.

Mr. Ettinger, my next question is, does Canada Post keep track of who they are selling Canadians' private information to?

Mr. Doug Ettinger: As I said, we treat data in a very careful and protected way. It's in our database, which is protected within our four walls.

Essentially, we help businesses ensure that their lists are up to date and accurate for delivery. We very much protect...and adhere to the Privacy Act as we're going through that process.

Again, we've made a number of changes based on the review of the Office of the Privacy Commissioner. I cannot speak for them, but I'm told that we have reached an area where we're comfortable that we've made the changes we need to make to deal with that very important issue.

• (2005)

Mrs. Stephanie Kusie: Then I'm hopeful that this information guarantees that this information is not going to bad actors to target Canadians.

Mr. Doug Ettinger: No.

Mrs. Stephanie Kusie: Excellent.

Can you guarantee that this information is not being sold to other countries that could use this information to interfere in Canada's democracy?

Mr. Doug Ettinger: Yes, absolutely.

Mrs. Stephanie Kusie: Excellent, I'm very happy to hear that.

Mr. Chair, with the time I have left, I'd like to put on notice the following motion, please:

That this committee report to the House that it condemns the stealing of mail.

Thank you.

The Chair: You're putting it on notice.

Mrs. Stephanie Kusie: Yes, thank you.

Thank you very much, Mr. Ettinger.

The Chair: We'll go to Mrs. Atwin, please.

Mrs. Jenica Atwin: Thank you very much. I'm happy to close out our discussion this afternoon or this evening. I guess it's quite late now.

Thank you so much for being here and answering our questions.

I really want to circle back to the community hub pilots that are happening. I was only aware of two locations, so I'm really excited to hear that it's now four.

Specifically, of course, I'm familiar with the Membertou, Nova Scotia one. It's close to my neck of the woods in New Brunswick.

It offers an expanded range of products and services. It has things like parcel lockers, which you mentioned, self-serve, contactless induction of items to be mailed, access to financial services, the Canada Post MyMoney Loan, remittance services, foreign currency exchange, cheque cashing, ATMs and also small business support. There's mention of rentable meeting rooms, public wireless Internet access and access to computers.

This is remarkable to me, especially at a time when we're talking about other closures that we're seeing, or other rural communities that are not seeing these kinds of investments and this kind of energy put into modernizing or meeting the needs of a community.

I'm just curious. What's the process? How did this happen? How can we ensure that this expands?

Mr. Doug Ettinger: Thank you. You're right; Membertou is probably the closest one to you. You're in Fredericton, I believe. It's a great city, by the way.

We're so proud of those four, as I mentioned: Membertou; High Prairie, Alberta; Fort Qu'Appelle, Saskatchewan; and Little Current, which is on Manitoulin Island.

The key thing on those is that we engaged the local first nations community right at the beginning of the projects, and we wanted them to design the post offices with their culture in mind, with their artifacts, with their artwork, with their colour palettes and so on. You missed one thing on the list, though. They have a podcast centre in Membertou.

The whole idea behind that is to make them more relevant, like a community gathering spot where you have free Wi-Fi and resources for small businesses. It's really to help those small businesses connect with one another, network with one another.

I was there with Chief Terry Paul when we opened Membertou. He was so happy about it, and so was I. We're monitoring those results. We're learning from them, and we're trying to adjust.

Iqaluit is another example of that, where part of the intent for Iqaluit was for small business there, too. When you're starting a small business, it's a lonely venture—you may know that—and they need all the help they can get. We can put them in touch with BDC. We can put them in touch with lawyers or whatever they need. We want to be the resource that really adds value, and that's our vision for the post office of the future, that it has more stickiness. We're adding more value for these entrepreneurs.

Mrs. Jenica Atwin: Are there additional costs incurred by the community for these extra services? Are these new builds? Are these existing constructions?

Mr. Doug Ettinger: These are a little bit of both, but Membertou, for example, was a new build. I think Manitoulin was a new build. Iqaluit is a new build. The others were refurbishments, but

you wouldn't know it. It looks brand new and very different from what it was before.

Again, the idea is selfishly for us to build loyalty with those small businesses. Sometimes those small businesses turn into big businesses, and we want to be part of that journey, and we want to help them. We have a program called solutions for small business. We have 500,000 members that are all small businesses, so we're trying to tap into those folks and connect to the community hubs.

• (2010)

Mrs. Jenica Atwin: That's excellent.

We also mentioned a little bit about how Canada Post is looking at carbon offsets, for example, and really taking responsibility for the climate crisis. I'm sure there are also impending impacts that we're already dealing with. I'm looking at some of the issues from service interruptions that occurred last year because of floods or forest fires, how long they lasted and the costs that were associated with them. We also noticed, of course, in Lytton, B.C., that it had disrupted service.

What kind of mitigation plans are in place as preventative measures or being prepared for these kinds of emergencies?

Mr. Doug Ettinger: That's a really good question, but I'll let Manon answer that. That group and her operations team are the ones on the ground who deal with that.

Ms. Manon Fortin: Thank you, Doug.

Being in thousands of communities across Canada means that we're exposed to what the community is exposed to as well. That can come through the form of extreme weather events. It could be a wildfire. We have become really good at, first, keeping our employees safe and then being as quick as possible to provide contingencies for the Canadians who live in those communities to still be able to receive their mail and to restore service as quickly as possible.

Mrs. Jenica Atwin: That's my time. Thank you very much.

The Chair: Thanks, Ms. Atwin, that was right on time. Thank you very much.

Witnesses, thank you very much.

Mr. Ettinger, it's been a pleasure to have you with us for the first time, but before you pack up, I just have a couple of quick things to say, if you don't mind.

First of all, I appreciate what you've brought up about the rapid change that's been happening over the years. I was part of this study eight years ago and it's funny because, Ernst & Young, with their forecast then, were quite loudly denounced as scaremongering. It turns out that they under-forecast the loss. So I'm glad that you were able to address that.

Could you just get back to the committee on how many of your vehicles are stolen every year.

There's also the issue I think of the Universal Postal Union agreement, about Canada Post or Canada subsidizing other countries. That issue also came up in the last study. I understand that it was an issue that we were actually subsidizing mail to China. Could you get back to us on those numbers?

Very briefly I also want to echo some of the comments made by people thanking various folks within Canada Post. There's a chap in Alberta, Donald Cooper, who's been helping us for years. He's Calgary-based, but apart from that, he's a phenomenal gentleman and I wanted to pass on our thanks from Edmonton to Mr. Cooper, through you.

Thank you very much for joining us. I'm going to dismiss you because we're going to get to approving the estimates—funny enough, the first of which is approving Canada Post's money. So you can stay for that.

Mr. Doug Ettinger: No. [*Inaudible—Editor*]

Some hon. members: Oh, oh!

The Chair: I would take a million off for that.

Colleagues, can I have unanimous consent, please, to have all the votes referred to this committee for the main estimates, 2024-2025, carried on division? Wonderful.

CANADA POST CORPORATION

Vote 1—Payments to the Corporation for special purposes.....\$22,210,000

(Vote 1 agreed to on division)

CANADA SCHOOL OF PUBLIC SERVICE

Vote 1—Program expenditures.....\$72,079,894

(Vote 1 agreed to on division)

CANADIAN INTERGOVERNMENTAL CONFERENCE SECRETARIAT

Vote 1—Program expenditures.....\$7,295,419

(Vote 1 agreed to on division)

CANADIAN TRANSPORTATION ACCIDENT INVESTIGATION AND SAFETY BOARD

Vote 1—Program expenditures.....\$36,450,119

(Vote 1 agreed to on division)

DEPARTMENT OF PUBLIC WORKS AND GOVERNMENT SERVICES

Vote 1—Operating expenditures.....\$3,149,646,689

Vote 5—Capital expenditures.....\$1,435,134,559

(Votes 1 and 5 agreed to on division)

NATIONAL CAPITAL COMMISSION

Vote 1—Payments to the Commission for operating expenditures.....\$69,456,790

Vote 5—Payments to the Commission for Capital expenditures.....\$25,313,046

(Votes 1 and 5 agreed to on division)

OFFICE OF THE GOVERNOR GENERAL'S SECRETARY

Vote 1—Program expenditures.....\$21,988,861

(Vote 1 agreed to on division)

OFFICE OF THE PARLIAMENTARY BUDGET OFFICER

Vote 1—Operating expenses.....\$7,124,435

(Vote 1 agreed to on division)

OFFICE OF THE PUBLIC SECTOR INTEGRITY COMMISSIONER

Vote 1—Program expenditures.....\$5,503,151

(Vote 1 agreed to on division)

PRIVY COUNCIL OFFICE

Vote 1—Program expenditures.....\$221,057,551

(Vote 1 agreed to on division)

PUBLIC SERVICE COMMISSION

Vote 1—Program expenditures.....\$86,342,136

(Vote 1 agreed to on division)

SENATE

Vote 1—Program expenditures.....\$95,448,409

(Vote 1 agreed to on division)

SHARED SERVICES CANADA

Vote 1—Operating expenditures.....\$2,147,684,760

Vote 5—Capital expenditures.....\$211,553,039

(Votes 1 and 5 agreed to on division)

TREASURY BOARD SECRETARIAT

Vote 1—Program expenditures.....\$348,204,864

Vote 5—Government Contingencies.....\$750,000,000

Vote 10—Government-wide Initiatives.....\$18,500,000

Vote 20—Public Service Insurance.....\$3,843,672,789

Vote 25—Operating Budget Carry Forward.....\$3,000,000,000

Vote 30—Paylist Requirements.....\$600,000,000

Vote 35—Capital Budget Carry Forward.....\$750,000,000

(Votes 1, 5, 10, 20, 25, 30 and 35 agreed to on division)

The Chair: Shall I report the estimates back to the House, less the amounts voted in interim supply?

Some hon. members: Agreed.

The Chair: Wonderful, on division. So ordered.

Thank you very much, everyone. I appreciate everyone staying late, and thank you to our clerk and, of course, our valued interpreters and our analysts and all the support people. Thank you for sticking around.

We're adjourned.

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