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Standing Committee on Government Operations and Estimates

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• (1105)

[English]

The Chair (Mr. Kelly McCauley (Edmonton West, CPC)): Good morning, everyone. Happy Tuesday!

I call this meeting to order.

Welcome to meeting number 144 of the House of Commons Standing Committee on Government Operations and Estimates, widely known as the mighty OGGO, also widely known as, truly, the only committee that matters.

As a reminder, everyone, please keep your headphones away from your microphones at all times.

Also as a reminder, ladies, this committee has passed a motion that any requested documents, emails, etc., are to be returned to the committee within 21 days.

Colleagues, there will be three rounds, and then we will take a break for the next witness.

At the very end, I will have a couple of really quick housekeeping items around budget and setting a date for witnesses.

We welcome back, Ms. Boudreau, from the comptroller general's office.

Do you have an opening statement for us? The floor is yours for five minutes. Please go ahead.

[Translation]

Ms. Annie Boudreau (Comptroller General of Canada, Treasury Board Secretariat): Good morning, everyone. Thank you for this opportunity to speak to the committee about the federal grants and contributions process.

Today, I'm joined by Monia Lahaie, assistant comptroller general, financial management sector, and Nicole Thomas, director general, costing, charging and transfer payments.

As Comptroller General, I am responsible for providing functional direction and assurance in financial management, internal audit, investment planning, procurement, project management, as well as the management of real property, materiel and transfer payments throughout the federal government.

Federal grants and contributions are governed by the Treasury Board Policy on Transfer Payments, which outlines the roles, responsibilities and obligations for the management of transfer payments. Its objective is to ensure that transfer payment programs

meet government priorities, deliver results for Canadians and are managed with integrity, transparency and accountability.

Control mechanisms are in place throughout the process, starting with the requirement for departments to obtain authorization-in-principle for government programs by tabling a memorandum to cabinet.

[English]

Departments must then seek the approval of the Treasury Board for new program terms and conditions through the Treasury Board submission process.

The terms and conditions set out the parameters under which transfer payments may be made for a given program, including objectives; funding; results; eligibility criteria, such as eligible recipients, activities or initiatives; and expenditures.

The role of the Treasury Board Secretariat is to ensure that the terms and conditions align with cabinet direction and the policy and directive on transfer payments as well as other applicable policies or frameworks—the policy on results, gender-based analysis plus and the policy on official languages.

The secretariat provides feedback to departments during the review process to ensure compliance with Treasury Board policy.

Once the Treasury Board approves the submission, deputy heads play a key role in the delivery and management of transfer payments. They are responsible for ensuring that grant and contribution programs are accessible, usable and understandable for applicants and recipients.

Deputy heads ensure that departmental practices and procedures are in place and look for opportunities to standardize within the department and support the administration of grants and contributions, ensuring that requirements are proportionate to the risks involved.

Deputy heads are responsible for monitoring compliance with the policy and its supporting directives, including through periodic audits and other assessments, to ensure their effective implementation. This includes ensuring that the administrative requirements on recipients are proportionate to the risk level. Monitoring, reporting and auditing should reflect the risks specific to the program, the value of funding and the risk profile of the recipient.

Departmental audits and evaluations help identify best practices, areas for improvement and whether the program is achieving its intended outcomes. The results are used to inform future program design and policy adjustments.

Once the recipients of transfer payment programs enter into a funding agreement with the federal government, this agreement outlines the requirements for the funding, including reporting requirements, payment schedules and performance expectations. This allows the government to monitor the use of funds and ensure that the program is on track to achieve its objectives.

[Translation]

To improve transparency, departments are required by law and policy to proactively publish grants and contributions over \$25,000 that have been awarded. This means that information on who received funding, how much and for what purpose is made available to the public, including on the Open Government website. In addition, audit and evaluation reports on grant and contribution programs are posted on departmental websites. These practices help maintain public trust and ensure accountability in the management of public funds.

As Comptroller General, I support all of these processes by ensuring that these policies and sound practices are in place, by overseeing and monitoring government-wide compliance with the Treasury Board Policy on Transfer Payments, and by providing leadership in the development of the community of federal practitioners involved in the design, delivery and management of transfer payment programs.

I would be pleased to answer any questions committee members may have.

[English]

The Chair: Thank you very much.

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

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

Thank you to our witnesses for being here today.

Out of the hundreds of millions spent in the environment department's grants and contributions program, how much has Treasury Board approved, please?

• (1110)

Ms. Annie Boudreau: Every time there is a new program, the department must come to Treasury Board for review and approval. Every time there are new program terms and conditions, they have to come. I would say it depends which fiscal year you're referring to, but, again, that's the principle, and that's the process we are ap-

plying every time, not only for ECCC but for all organizations across the Government of Canada.

Mrs. Stephanie Kusie: Okay, so Treasury Board would have approved the funds for this program on a fiscal year-by-year basis. Is that correct?

Ms. Annie Boudreau: It depends. If it is funding for an ongoing program, it will have been approved once at Treasury Board. After that—as you know, because this committee is quite involved with the estimates—every time, they will have to come and present their new funding via an estimate.

Mrs. Stephanie Kusie: Has your department ever reviewed the program to ensure that funds were going to recipients who had clear plans to improve environmental protections?

Ms. Annie Boudreau: This responsibility, as I stated in my opening remarks, belongs to the deputy heads. The deputy heads will have the opportunity to request an internal audit to look into that, and that's exactly what the deputy minister of ECCC requested. He had some concerns, so he wanted to have a third party review or an independent assessment from his internal audit function.

Mrs. Stephanie Kusie: The report states that the top ADM committee evaluates proposals deemed to be medium to high risk that exceed \$100,000. However, 94% of the reviewed files in this audit did not have the right documentation to support the risk rating. Are you concerned at all about departments not doing their due diligence to ensure that funds are spent appropriately?

Ms. Annie Boudreau: I am always concerned by a lack of documentation. That's why, under my group, we have what we call a centre of expertise, which Nicole leads. We always remind departments that every time there is money going out the door—as per the Financial Administration Act, sections 32, 33 and 34—due diligence should be done at all levels.

Mrs. Stephanie Kusie: Since 2016, there have been 3,103 grants and contributions awarded of over \$100,000. How many of these have been reviewed by the Treasury Board?

Ms. Annie Boudreau: Is your question specific to ECCC?

Mrs. Stephanie Kusie: Yes, because it would be the 3,103 grants and contributions awarded over \$100K within the program.

Ms. Annie Boudreau: Okay. We do not review those programs. As I was saying, deputy heads are responsible for their own programs. If they feel there is a concern or they want to make sure everything is effective, they will be asking the internal audit function to look into this according to the risk of the grants and contributions or the program itself.

Mrs. Stephanie Kusie: The problems in the ECCC grants and contributions have been ongoing since 2016, when the then minister moved from small to large-scale program delivery. The centralized structure and limited resources were strained, which has led to potential legal and reputational damage. Has the Treasury Board done any follow-up to ensure the funds provided to this program were allocated correctly?

Ms. Annie Boudreau: We have not done any specific audit regarding what you just mentioned. Again, it will be at the deputy minister level to look at those instances.

Mrs. Stephanie Kusie: Are you concerned about the lack of accountability and oversight in this program?

Ms. Annie Boudreau: We are all concerned. That's why an audit was requested by the deputy minister to look into that.

As well, maybe I should have mentioned my role in terms of the risk-based audit plan that all departments put together every year. Those audit plans are shared with my office for review and to make sure we are comfortable with the risks identified and the way forward in terms of auditing and evaluating.

Mrs. Stephanie Kusie: Do you believe that the environment department has ever wasted taxpayers' money?

Ms. Annie Boudreau: That's not a question I can answer.

• (1115)

Mrs. Stephanie Kusie: Okay. Do you believe the environment department has always delivered value for money to taxpayers?

Ms. Annie Boudreau: The policy on transfer payments is clear in terms of value for money. As I said, I expect all deputy ministers to play their role in terms of ensuring they are following the policy as well as the directive and the guidelines.

Mrs. Stephanie Kusie: In your opinion, should all departments be auditing all grants and contributions?

Ms. Annie Boudreau: It would depend. It would depend on which organization. It would depend on the value of the grants and contributions.

It will depend also on other risks that departments may have. Obviously, we cannot audit everything, so again, it will be a question of considering all the potential risks, the risk mitigation strategies that departments have in place, and what's left that we feel should be looked at.

Mrs. Stephanie Kusie: Thank you very much.

The Chair: Thank you, Ms. Kusie.

Next is Mr. Jowhari, please.

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

Once again, to the TBS and Ms. Boudreau, welcome. Thanks to you and your colleagues for coming here, and thank you for your opening remarks and testimony.

I'm going to take a bit of a step back. I'll be framing my question around two themes. One is around transfer payments and the other is around internal audit.

Starting with transfer payments, I understand that there are policies around transfer payments and there are directives around transfer payments. For average Canadians like me, can you explain the difference between policies around transfer payments and directives around transfer payments? Who are they targeted at, who is responsible for them and why? Also, why is there a need for a difference between a policy and a directive?

Ms. Annie Boudreau: Go ahead, Nicole.

Ms. Nicole Thomas (Executive Director, Costing, Charging and Transfer Payments, Treasury Board Secretariat): Yes.

Thank you for that.

The policy is really focused on the roles and responsibilities of the various players within that space and outlines—again, in the context of transfer payments—what the roles and responsibilities are in the design and implementation of transfer payments. In the case of transfer payments, that is the role of the Treasury Board, the Treasury Board Secretariat, ministers and deputy heads.

Then, when we move into the directive on transfer payments, that then provides additional information on how to operationalize your transfer payment programs and the considerations in that regard. That's really for departmental senior managers who are involved in the delivery of transfer payment programs, and in the design as well, to talk about what the requirements are for program terms and conditions and also what the requirements are for funding agreements. While we don't specify what goes into the funding agreements, we do give considerations for departments as to what we would expect them to include in those agreements.

Mr. Majid Jowhari: Thank you.

If I understood what you said, the policy focuses on the “how” and the directive focuses on the “what” and the different levels of responsibility: minister, deputy minister and heads. The what is really for the directors and below—is that correct?

Ms. Nicole Thomas: Yes. The directive provides more than—

Mr. Majid Jowhari: Is there a threshold? I looked at the 2022-23 fiscal grants and contributions breakdown in that department, and there were about nine items. They varied from \$1.3 million to \$318 million: \$1.3 million for the public affairs and communications branch and \$318 million for Canada wildlife services, as well as about \$96 million for indigenous recipients.

When we see this range, is there a threshold that TBS sets as a level? In your response, Ms. Boudreau, you were saying, well, it depends on the amount; it depends on the risk.... I'm trying to get a better understanding of what that "depends" means.

Ms. Annie Boudreau: My answer about it depends on the risk was related to the internal audit function.

Mr. Majid Jowhari: Okay.

Ms. Annie Boudreau: If we go back to the transfer payments, if there is a new set of terms and conditions, a new program, that has to come to the Treasury Board regardless of the amount involved. That has to come to be authorized.

Once it is authorized, there are limits that are imposed. Those limits for each department are included in what we call the matrix of delegation of authorities. Those delegations of authorities are accessible on the department's website, and you can see what the levels are for each program's terms and conditions.

• (1120)

Mr. Majid Jowhari: It's following the same standard process, regardless of whether the grant is \$100,000 or \$10 million. The process is the same. It's just the level of authorization that varies.

For example, in the case of the public affairs and communications branch, the allocated amount was \$1.3 million. Who would be making decisions? Would it be the director level that is making decisions on the approval of these grants and contributions? Who would be making that decision?

Ms. Annie Boudreau: Are you talking about the approval of the amount or once it is allocated to recipients?

Mr. Majid Jowhari: Well, the amount that's allocated to the program is \$1.3 million. That's the way I understand it. That's already agreed on between TBS and the structure of the program.

For the projects that fall under the \$1.3 million or fall under the public affairs and communications branch, is there an amount that will necessitate, let's say, that the minister get involved? Or is it an amount that says, "below this threshold, the directors can approve the grant"?

Ms. Annie Boudreau: I would say that it is specific program by program and department by department, so for this specific question, we would need to verify and come back to the committee within 21 days.

Mr. Majid Jowhari: Okay.

I probably have only about 20 seconds. On policies and internal audit, have you looked at the report and made any conclusion around whether the internal audit followed all the procedures? A simple yes or no within three seconds will do.

Ms. Annie Boudreau: Yes, I'm convinced that all the procedures were followed in terms of the policy on internal audits.

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

The Chair: Thank you very much.

We'll go to Mrs. Vignola, please.

[*Translation*]

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

Ms. Thomas, the results of the internal audit conducted at Environment and Climate Change Canada last June reveal serious shortcomings in its grants and contribution allocation processes, even for larger amounts that required ministerial approval.

I'd like to draw your attention to the project approval process for the Strategic Innovation Fund's Net Zero Accelerator initiative, which is described as particularly lengthy and complex. Page 8 of the 2024 fourth report of the Commissioner of the Environment and Sustainable Development states:

A project of more than \$50 million also requires Treasury Board approval, concurrence letters from ministers of other concerned departments, and cabinet approval, which can be fast-tracked with a letter to the Prime Minister.

This kind of wording leaves the door somewhat open to many interpretations. In a context where various Sustainable Development Technology Canada programs are admittedly administered and benchmarked in sometimes creative ways, how can we ensure that decisions, even when the minister or Prime Minister are involved, are made impartially, without the appearance of collusion, political manoeuvring or favouritism? How do we ensure total impartiality and neutrality in awarding these contributions and grants of over \$50 million?

Ms. Nicole Thomas: I can start by explaining the process described by the Comptroller General.

When programs and program terms and conditions are approved by Treasury Board, whether it's a grant or a contribution, we're going to have information about who can access the fund and for what purposes, that is, what objectives they want to achieve with these programs.

Subsequently, the process for awarding contracts or entering into agreements with recipients is managed within the departments, with the deputy ministers. Part of that is to have all the internal monitoring required to make sure that the business processes have all the necessary controls and approvals, so that they're compliant and consistent and everyone follows the same processes.

• (1125)

Mrs. Julie Vignola: You are telling me that this also applies for projects that are over \$50 million, where there has been an accelerated approval process authorized by the minister.

If all these processes confirm that due diligence does not show with certainty that the chosen location is the best place to invest the money, but the minister insists on investing \$52 million, for example, in that location, what prevails: the weight of the minister's decision, or all the control processes that have previously been conducted by the deputy ministers and the department?

Ms. Nicole Thomas: Within departments, regardless of the path that approvals take, the same level of review and diligence must be ensured in deciding on these recommendations.

I don't know if Ms. Boudreau would like to add a comment.

Mrs. Julie Vignola: Can the minister go against the recommendations made by his department?

Ms. Annie Boudreau: This is a difficult question to answer. I've never been in a situation where the minister chose to go against a recommendation I had to give. However, I can't say it will never happen.

Mrs. Julie Vignola: Thank you very much.

Ms. Boudreau, earlier you were saying that each department is responsible for doing its own audits. You've also said that at other meetings.

However, are there means in place to ensure that the audits are done, that they're done well and that there's follow-up to ensure that the department can quickly rectify the situation, if it hasn't done its audits or hasn't done them well, to prevent these errors from being repeated indefinitely?

Ms. Annie Boudreau: We are responsible for the internal audit community. We provide them with tools, support and training to ensure that they actually have everything they need to conduct an audit according to the standards they must follow, those of the Institute of Internal Auditors.

Each internal audit within the department must be reviewed every five years by an external administrator to ensure that its function is truly planned to give the most services possible and that it conforms to the institute's standards.

Mrs. Julie Vignola: What happens at the end of the day if they don't use the tools available to them and the errors are repeated year after year, despite the checks that are made? Is there—

[*English*]

The Chair: I'm afraid we're past our time, but you can continue in the next round.

We'll go to Mr. Bachrach, please.

Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP): Thank you, Mr. Chair, and thanks to our witnesses for being with us this morning.

It's a little tricky to know which questions are appropriate for the Treasury Board versus ECCC, but I'll do my best.

Perhaps my first question is about whether you were surprised when you read the audit findings. Are these findings surprising?

Ms. Annie Boudreau: I'm not sure if I would use the word “surprising” or “disappointing”. I will use the word “disappointing” for the lack of documentation for me. I was an internal auditor for several years before being at Treasury Board, and I don't understand why people would not be documenting their decisions and documenting to have an audit trail at the end of the day. For me, it's just being professional and following values and ethics, so yes, I was disappointed.

Mr. Taylor Bachrach: Maybe my next question will be along those lines.

Lack of documentation is something we've seen in a number of different audits. I asked a question of a previous witness—actually, I think it was the Auditor General—who indicated that it's a very frequent audit finding that documentation is not at par.

If this is something we're seeing across government departments every time an audit is done—people within the public service not documenting things properly—does it not deserve some attention itself, as a priority of government, in order to improve documentation, so we don't see audits coming out again and again that show people aren't writing things down?

• (1130)

Ms. Annie Boudreau: Yes, it does. That's why, last year, we updated our procurement guide in order to make sure managers are following a minimum requirement. Documentation is obviously one of the elements.

I would like to go back.

As you said, it's difficult, sometimes, to make a distinction among this audit and others. In this particular case, as it was stated, the program is decentralized at ECCC. Being decentralized means you will find different processes across the regions. That's one of the findings the Prime Minister said we'll be looking at. By doing more standard processes, I would hope that, at the end of the day, the documentation is better.

Mr. Taylor Bachrach: Some witness testimony in a previous meeting indicated that the lack of documentation around procurement stemmed from a lack of understanding of the actual rules. The rules and processes are so complex that public servants don't understand what the requirements are in the first place.

Is that your understanding of the problem, as well?

Ms. Annie Boudreau: It is part of it. That's why we're working very closely with the Canada School of Public Service to put training together for every level of person involved in procurement, such as the business owner or the practitioner.

Yes, it is an issue. Sometimes it's good to have a refresher on what we're supposed to do.

Mr. Taylor Bachrach: I'll move to the topic of centralization.

One of the recommendations is around centralizing and standardizing approaches across the department and, I think, even more broadly than that, across government. It seems there would also be some drawbacks to centralization, though.

Mr. Taylor Bachrach: What would those drawbacks be? It's a balance between the advantages of standardization and centralization and the ability of departments to have flexibility based on the unique conditions they face.

How do you strike the right balance in that regard?

Ms. Annie Boudreau: That's a very good question.

The drawback I see right away is this: If it's too centralized, we might have a bit less flexibility for recipients. This could be an issue. There is also less time to put money out the door for people who need the money.

Mr. Taylor Bachrach: One of the findings had to do specifically with indigenous recipients of grants and contributions. The internal audit found that indigenous recipients were more likely to be assigned a higher risk rating, and that those higher risk ratings came with increased responsibilities around things like documentation and other processes for accountability.

Is the Treasury Board alive to the issues this creates for indigenous communities, which often have limited capacity? How do we ensure they are put in a position to effectively manage these grants and contributions, given there are often challenges around capacity?

Ms. Annie Boudreau: That's a good question.

When the deputy minister was here from ECCC, he talked about additional flexibility that the Treasury Board Secretariat put together for indigenous communities. In fact, it is appendix K, which outlines flexibility for indigenous recipients.

Maybe I'll turn it over to Nicole.

Do you want to provide the three elements we added?

Ms. Nicole Thomas: Certainly.

We've given additional instruments and methods for making those funding agreements: fixed funding, flexible funding and block funding. These are specifically outlined for indigenous recipients and their context, in order to allow them to manage...within their specific circumstances.

Mr. Taylor Bachrach: Thank you.

The Chair: Thanks very much.

We will now go to our five-minute rounds.

Mrs. Kusie, please go ahead.

Mrs. Stephanie Kusie: Would you say that the Treasury Board president has been able to give this audit her full attention?

Ms. Annie Boudreau: I am responsible for the internal audit function within the Government of Canada.

• (1135)

Mrs. Stephanie Kusie: Would you say that the Treasury Board president has been available and present to give this audit her full attention?

Ms. Annie Boudreau: Usually, internal audits are the responsibility of the deputy minister, so—

Mrs. Stephanie Kusie: Certainly, the deputy minister interacts with the President of the Treasury Board regarding important issues, such as the spending of taxpayer dollars.

Would you say that the Treasury Board president has been less available? Have you had less access to her lately?

Ms. Annie Boudreau: No, I would not say she is less available.

I am responsible, again, for those kinds of reports and the internal audit function. This is up to me. It is my role.

Mrs. Stephanie Kusie: It's the Treasury Board president who is ultimately responsible.

As I'm sure you're aware, she's taken on another ministry. It's very concerning to me that she's being spread too thin. She's not able to give this audit or the oversight of taxpayer dollars her full attention. We have a part-time President of the Treasury Board right now, given that she's managing these two files. I was shadow minister for transport during the pandemic. I can tell you that this is a very taxing file, overseeing all the airlines and train travel, especially now, with the shortcomings we've seen in our critical supply chains. I'm very concerned that the evidence we are receiving, through this report, indicates that we have a President of the Treasury Board who is unable to give her entire attention to the oversight of taxpayer dollars.

What would you say to that?

Ms. Annie Boudreau: I am not concerned.

I meet with the president every week because, as you mentioned, she's the President of the Treasury Board. We meet every Thursday morning. Before every meeting, we have a briefing with her and have her full attention. We have great discussions about the files that will be presented on Thursday morning.

Mrs. Stephanie Kusie: It would be impossible to have her full attention, because she's giving half of her attention, currently, to the transport file.

Now, I know that, in 2019, the Treasury Board issued further guidelines, yet we're still getting the lapses we're seeing here through the ECCC audit. A couple of months ago, we received feedback that Global Affairs Canada, through its audit, was also having some problem with the oversight of the distribution of funds.

I have to take it back again to the President of the Treasury Board. I'm asking whether you believe she's giving her full attention to the oversight of these grants and contributions and whether she's been as accessible to you. I believe it would be very difficult for her to achieve this, given, frankly, how thin she's being spread across departments. As I said, we really seem to have a part-time president right now, given the additional duties she's been given.

Given that we have these lapses at ECCC and Global Affairs Canada despite your issuing of the guidelines in 2019, I'll ask you this one more time: Do you really believe Canadian taxpayers are getting value for money?

Ms. Annie Boudreau: From my perspective, I have access to the president when I need to, and she is extremely accessible on all the files I am in charge of.

Mrs. Stephanie Kusie: Again, it's unfortunate, because the results we are seeing through—thank goodness—these audits are indicating that the oversight is simply not there at this time.

As I mentioned, she is the President of the Treasury Board. Now she is taking on the ministry of transport, which is a very intense file. Then, of course, given the difficult situation of the Prime Minister and the Liberal Party at this time, I'm concerned her efforts are even further diluted by the possibility of her posing a leadership campaign as well. This is the President of the Treasury Board. She is supposed to have oversight of all the funds of our nation. Her energy is divided, and not one way. She is running one department that I imagine is completely consuming, but she is also responsible for the department of transport while, at the same time, possibly making a leadership bid.

It's quite concerning, Mr. Chair.

Thank you.

• (1140)

The Chair: Thank you very much.

Next is Mr. Sousa, please, for five minutes.

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

Thank you for being here today.

I was listening to the line of questioning that just happened in regard to the President of the Treasury Board, an individual of great calibre: a lawyer, a professor, a strong advocate for consumer rights, someone who was quite active in the securities commission, someone who I worked with prior when I was in the role of finance minister and was relying on the exceptional abilities of this individual, who is extremely accessible and very engaged and active in the issues, as well as being President of the Treasury Board at the time. She's quite the champion in the role that she plays in Treasury Board, and we really do rely on some of that oversight she provides.

However, regarding the question about this particular issue of these internal audits, I mean, they're standard. This is something that's prescribed. This is something that's mandated to be done, regardless of who the ministers may be at any given time.

She herself was a previous minister of procurement and operations for government, and she did an exceptional job during COVID in regard to some of the negotiations that had to be done. I've always found her to be extremely attentive, if not even more meticulous, in trying to push forward on the matters at hand, because she does review things tremendously. When I see and talk to her, she's well informed.

Given that this is a mandate that's required, for reviews is it not prudent, then, to do them and to provide recommendations to improve upon the issues? I mean, this is not a static issue. This is an ongoing relationship that's required in order to improve the operations of government. Is that not true?

Ms. Annie Boudreau: Indeed, I always welcome internal audit reports. There is always a lot to be learned and also a lot to share with other departments. The other departments will have seen the report from ECCC, and I'm sure they're going to look at that and compare it within their own organization if they need to make improvements, so it's more, in fact, than only ECCC. It is across the board.

Again, to come back to audits, the minister herself announced in March of this year that Treasury Board, TBS, will be doing a horizontal audit on procurement. This is my team doing a horizontal audit on procurement, again, to look at processes that we have in place, the governance that we have and the internal controls, and we'll be able to communicate the result of that audit in the new calendar year.

Mr. Charles Sousa: That's right, and then, of course, there are the policy directives. That's the responsibility of the deputies and the senior officials. I think I heard you correctly that then there are directives by which those managers and functional specialists are obliged to do the action. There's a division here, and there's a protection measure. This is a buffer, right?

On the allegations or the notion that somehow there's interference or there are preferences made by certain individuals of government, be it the ministers or deputy ministers, are you satisfied that there is no interference? Are you satisfied with the way the process is being done to protect taxpayers from any issues of collusion, let's call it?

Ms. Annie Boudreau: In the process that I've highlighted in my opening remarks, there are a lot of checks and balances at different levels of the government, inside departments and also from a TBS perspective. Based on all the processes that we have, I am comfortable with what I'm saying.

A lack of documentation, like I said, is disappointing, but that's something that could be fixed and could be fixed in a timely manner.

Mr. Charles Sousa: I think one of the issues that I was most disappointed with was the issue of standardization and not having some of those across-the-board issues, which are being resolved, hence the reason we do these internal audits: so that we can have continuous improvement.

My last question is, do you see the president or any minister providing interference or obstructions in these processes?

Ms. Annie Boudreau: I've never seen any of those things.

Mr. Charles Sousa: Have they been accessible to you? Has the President of the Treasury Board been available to you when necessary?

Ms. Annie Boudreau: Yes, she has been available to me.

Mr. Charles Sousa: Do I have any more time?

The Chair: You have 32 seconds.

Mr. Charles Sousa: Do you have anything to add, Ms. Lahaie?

Voices: Oh, oh!

Mr. Taylor Bachrach: Nice try. Try some more substantive questions than that, Charles.

Mr. Charles Sousa: I appreciate it.

I do have another round of questions. I'll come back to you.

The Chair: Thanks.

We will now go over to Mrs. Vignola for two and a half minutes of questions.

• (1145)

[*Translation*]

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

Ms. Boudreau, as I understand it, in terms of grants, you determine who can receive them based on certain criteria, but as regards contributions, there is some form of accountability.

When grants or contributions are awarded to a company, for example for the development of green technologies, we have an objective in mind. Canada becomes an investor. In fact, I should say that citizens, through their taxes, become investors. It may be that the investment will go awry if we don't reach the goal we've set. It's also possible that this objective will be achieved.

If it is achieved, if the technology succeeds, are there any clauses in the contract with the company whereby Canada can get a return on this investment, for example an investor's right of, say, 2% for Canadian taxpayers? Is there such a clause, or is money being invested with no direct return? There's going to be some through taxes and jobs created, but what do we get in the way of direct return?

Ms. Annie Boudreau: Thank you for the question.

Before I answer it, I'd like to come back to the word "grant". As we said earlier, there are eligibility criteria, and these must be verified each time a new grant is given.

I'll now come back to your question. There are always terms and conditions. There are terms and conditions attached to every grant or contribution, and they're probably going to relate to what you've just listed. That said, I can't think of any specific examples. These terms and conditions make it possible to determine the commitments and responsibilities of each of the parties.

Maybe Ms. Thomas has more information on this subject.

Ms. Nicole Thomas: I would just add that, according to our directive, the terms and conditions of contribution agreements require, among other things, that the agreement provide for the recovery of an overpayment, funds that are not spent or expenses that are not in accordance with the agreement. This is one of the general clauses found in agreements.

Mrs. Julie Vignola: Thank you.

I'll continue later, Mr. Chair.

[*English*]

The Chair: Mr. Bachrach.

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

One of the findings of the audit was that resources at ECCC were strained, and some of the lack of documentation and some of the other audit findings probably stem from a lack of internal resources to manage the process. It seems like a pretty logical finding that, if you increase grants and contributions astronomically in a short period of time and don't invest resources in the processes to manage that, they're not going to be managed appropriately.

Does Treasury Board have guidelines around internal resourcing, given different levels of grants and contributions? If you're giving out \$2 billion, should you allocate 5% for internal capacity to actually document, to write things down and do those kinds of things?

Ms. Annie Boudreau: Every time there is a new program brought to Treasury Board for approval, it is accompanied by what we call a CFO attestation. The CFO will be looking at the new programs that the departments will need to run, and based on the new program and the complexity of that program, the CFO will be requiring additional internal services or additional full-time equivalents in order to be able to run that program.

Before it goes to Treasury Board, several discussions will happen between the department and us to make sure we have the proper level of additional internal services required and to make sure that, effectively, the department will be able to deliver.

Coming back to that audit, if I may, the fact that it is decentralized means I don't think that they can.... There is room to gain more efficiency and maybe to be able to run those programs in a more timely manner.

• (1150)

Mr. Taylor Bachrach: There's a process in place. If the process works as it's supposed to, the resources shouldn't be strained, since they should be augmented appropriately based on this conversation with the CFO. In this case, obviously, it didn't work, because one of the audit findings is that resources were strained.

How are we going to ensure it works in the future?

Ms. Annie Boudreau: Again, that will be a discussion, like I said, between organizations and TBS. They will also look at their internal processes to make sure they are effective and efficient. We always recommend that departments look inside to make sure there is some way to reallocate money internally, because we're talking about taxpayers' money.

Mr. Taylor Bachrach: Okay.

Is that it?

The Chair: That's it.

Mr. Taylor Bachrach: Thanks, Mr. Chair.

The Chair: Mr. Mazier, welcome to OGGO. Go ahead for five minutes.

Mr. Dan Mazier (Dauphin—Swan River—Neepawa, CPC): Thank you, Chair.

An internal audit of the grants and contributions program revealed that the environment department was not monitoring 10% of the projects and not reviewing a further 27%.

Why weren't these projects being monitored?

Ms. Annie Boudreau: That is based on the risk of those programs. We cannot monitor all programs, as we cannot audit every element. I would say that is probably a question for the department. They can provide more information about why those specific elements were not entirely looked at—the entire grants and contributions funding.

Mr. Dan Mazier: Personally, I find it quite unacceptable. Here you have an environment minister not monitoring how many emissions are being reduced with taxpayers' dollars. You don't have a reason for it.

It's ultimately up to the minister to send that signal back to you guys to check for that.

Ms. Annie Boudreau: It is up to the deputy minister—

Mr. Dan Mazier: The deputy minister.

Ms. Annie Boudreau: —to make sure that they have the right controls in place, that their programs are effective and that they have fulfilled their obligation regarding the terms and conditions of the contribution funding or grant.

Mr. Dan Mazier: Thank you.

Can you provide a list of projects to the committee that were not being reviewed and monitored?

Ms. Annie Boudreau: We'll follow up with the department and provide that information to the committee.

Mr. Dan Mazier: You can provide that. Thank you.

The government launched an \$8-billion taxpayer-funded program called the net-zero accelerator. The government claimed it could reduce emissions by giving away \$8 billion to megacorporations through this program. According to the environment commissioner, "A project of more than \$50 million also requires Treasury Board approval, concurrence letters from ministers of other concerned departments, and Cabinet approval". The commissioner also stated that net-zero accelerator projects "can be fast-tracked with a letter to the Prime Minister."

How many net-zero accelerator projects were fast-tracked with a letter to the Prime Minister?

Ms. Annie Boudreau: I don't have that information for you. We can go back to the department. My understanding is that the commissioner will be appearing just after us, so this could be a question for him.

Mr. Dan Mazier: In that list of people that goes to the Treasury Board.... Do you have any recollection of letters, or anything like that? That would never go past your desk—a letter of approval.

Ms. Annie Boudreau: No, I don't have any recollection.

Mr. Dan Mazier: Okay. Thank you.

Are you aware of any other emissions reduction projects that can be fast-tracked with a letter to the Prime Minister?

Ms. Annie Boudreau: I'm not aware of any, no.

Mr. Dan Mazier: Treasury Board is required to approve net-zero accelerator projects that receive more than \$50 million.

How many emissions have been reduced to date through the approved projects?

Ms. Annie Boudreau: A good reference point is the departmental plan and departmental results report, where the information is provided for each of those programs.

Mr. Dan Mazier: You do an audit on these programs. The whole idea of releasing the funds is to get outcomes. The Treasury Board

is watching over that. That's what you gave us before, in your testimony.

Why don't you know the answer to that?

Ms. Annie Boudreau: I'm not responsible for the outcomes for all of those departments. The deputy heads administering such programs for those departments are in a better position to provide the answers to your questions.

Mr. Dan Mazier: Would the deputy minister of environment know about the net-zero accelerator fund for that?

Ms. Annie Boudreau: Yes. This program is part of his department. That's correct.

• (1155)

Mr. Dan Mazier: It's interesting, because he said he didn't know anything about it. I guess we'll have to get him back here in front of the committee.

Is the environment department fully monitoring the results of its grants and contribution spending?

Ms. Annie Boudreau: They're doing audits, like I said.

I would also like to add that, as per the Financial Administration Act, every program greater than \$5 million needs to be evaluated every five years. That is a requirement in the law. Every department needs to do that.

Mr. Dan Mazier: I'll ask the question again, just so we're clear.

Is the environment department fully monitoring the results of its grants and contributions spending? Is it law, then?

Ms. Annie Boudreau: Like I said, every program above \$5 million, as per the Financial Administration Act, needs to be reviewed every five years. All those evaluations will be accessible on the department's website.

Mr. Dan Mazier: Okay.

Thank you.

The Chair: Thank you very much.

We'll finish up with Mr. Bains.

Please go ahead, sir.

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

Thank you to our Treasury Board Secretariat officials for joining us today.

I want to talk a bit about the oversight to the transfer payments. You mentioned that you're looking for efficiencies and for the effectiveness of how these things are done. What's the process there? How do you measure the effectiveness and the efficiencies?

Ms. Annie Boudreau: As I was just saying, there is a requirement to do evaluations as well as a requirement to do internal audits in each department.

Having said that, my group is responsible for doing internal audits for what we call “small” departments. Within the Government of Canada, we have roughly 44 departments for which we are in charge of doing the audit on their behalf because they don't have the tools and the manpower necessary to do it. As well, we have some agreements with regional development agencies in order to do some audits for them. Again, they don't have the—

Mr. Parm Bains: You said you can't do all of them, though, so then, there are mechanisms in place to measure things that are being processed appropriately. What are those?

Ms. Annie Boudreau: This is a risk-based approach, so we look at the nature of—

Mr. Parm Bains: What are the risk indicators?

Ms. Annie Boudreau: We look at the risk indicators. We look at the amount of funding. We look at the programs. Is it a new program? Is it a program that has been there for several years? We look at the initiatives in place. We look also at other elements. We look to make sure that there is continuous monitoring.

Mr. Parm Bains: Can I stop at the programs that are there for several years?

We've seen processes that have not changed for over 20 years, and we've seen that run into problems. We've studied other funding pieces within this committee as well.

The fear is.... If there are programs that have been there for several years, is there less oversight on those? That's my question.

Ms. Annie Boudreau: It's not less oversight.

The risk-based audit plan is a three-year audit plan that needs to be refreshed every year. Those plans come to my group, and we look at them to make sure that, at the end of the day, we have good audit coverage on all programs.

Again, if there are some challenges, or if a deputy minister believes that they would like to have more information about a particular program, then the deputy minister, in their role, can decide to ask for a specific audit from their internal audit shop.

Mr. Parm Bains: Can I direct my question to Ms. Thomas?

Considering you're the executive director of costing, charging and transfer payments, can you talk a little about your role in all of this and your oversight?

Ms. Nicole Thomas: I can build upon what the comptroller general spoke to you about, which was internal audit.

You'll notice that some of the thematic that come out of those reviews are strengthening processes and strengthening capacity within the department to deliver those programs. We play a role with that community of practitioners. We provide guidance. We provide advice.

We work with the Canada School of Public Service to provide training so that we can help address some of those issues that come out and proactively target themes. We also have governance committees with departments, where they can raise common concerns and considerations in their implementation.

• (1200)

Mr. Parm Bains: You're a little more hands-on and more actively involved in these applications.

How many people are part of the overall broad group looking at this and doing this work together?

Ms. Nicole Thomas: We're not involved in the actual implementation of the programs. That's all within departments.

What we do is provide that policy centre of expertise support to departments. We have a relatively small team within our organization. We work across departments to facilitate the sharing of best practices and provide concrete advice when they're doing their design.

The Chair: That's our time.

Thanks, as always, for being with us.

Before you go, I have a couple of quick questions myself, if you don't mind.

How many of the departments have chief audit executives?

I ask that because that is who did this one. We've had several other less than stellar audits—one about Global Affairs on their horrific non-practice of following the rules on procurement, this one....

How many other departments have chief audit executives, and what direction are they taking to do these audits and uncover messes similar to the ones we have with Global Affairs and elsewhere?

Ms. Annie Boudreau: I will provide you with the specific number right after the meeting.

The Chair: Who's giving that direction, though, to the auditors? Is it the deputy minister in each department?

Ms. Annie Boudreau: The deputy minister gives directions. Each big organization also has what we call a “DAC”—a departmental audit committee. Those are external representatives who give feedback and recommendations.

As I was saying, we also review all the risk-based audit plans—

The Chair: What I'm getting at is this: We've seen these two audits done. I assume they're directed by the department itself. How many more should be done, considering the millions of grants being done? Heritage Canada has 40,000 or 50,000 grants a year.

Who is directing these audits to be performed?

Ms. Annie Boudreau: I can also direct audits to be performed, as—

The Chair: Okay. Are you, then?

Ms. Annie Boudreau: Excuse me.

The Chair: Are you, then? Shouldn't you be directing every single department to be doing these audits? Every audit done seems to show a very disturbing lack of oversight, governance and rule following. That's what I'm getting at.

Ms. Annie Boudreau: Last year, my predecessor recommended that each chief audit executive put a procurement audit in their plan.

Yes, we do. We do it every time we feel there is a need to do something specific. I can give the instruction to departments to put something specific in their risk audit plan. It was done last year with my predecessor for procurement.

The Chair: Thank you again for your time.

Ms. Annie Boudreau: Thank you.

The Chair: We'll suspend for five minutes to bring in the new witness.

Thank you very much.

• (1200) _____ (Pause) _____

• (1210)

The Chair: I call the meeting back to order.

Good afternoon, everyone. We are back.

We welcome Mr. DeMarco and Mr. Blouin. Welcome to OGGO.

You have an opening statement, sir. You have five minutes. Go ahead, please.

Mr. Jerry V. DeMarco (Commissioner of the Environment and Sustainable Development, Office of the Auditor General): Thank you, Mr. Chair, for inviting me to appear before your committee today.

I would like to acknowledge that this hearing is taking place on the traditional unceded territory of the Algonquin Anishinabe people.

I am accompanied today by Nicolas Blouin, a director in our office.

I understand that the committee has recently heard from Environment and Climate Change Canada officials on the grants and contributions process at that department. While I'm happy to answer questions and provide any insights I can in support of the committee's work, I want to be clear that the grants and contributions programs of Environment and Climate Change Canada have not been the focus of any recent audits.

As this is my first appearance before this committee, I would like to take this opportunity to provide an overview of the commissioner's role and mandate. On behalf of the Auditor General of Canada, the commissioner conducts performance audits of matters that relate to the environment and sustainable development, and reports to Parliament, typically, twice a year. These reports are referred to the Standing Committee on Environment and Sustainable Development but are often studied by a wide range of committees in the House of Commons and the Senate.

Like the Auditor General, the commissioner does not audit the policy decisions of Parliament and government. Our work examines whether government departments and agencies implement policy decisions with due regard to economy, efficiency, effectiveness and the environment.

I would like to note that the environment and sustainable development are a priority across the Office of the Auditor General of Canada.

• (1215)

[*Translation*]

Audits carried out by the Auditor General and the commissioner include, where appropriate, environmental and sustainable development issues. This includes taking into account the United Nations Sustainable Development Goals when selecting, designing and conducting all of our performance audits.

The commissioner also reviews and comments on the draft Federal Sustainable Development Strategy. Once the strategy has been implemented, we monitor and report on how federal departments and agencies are contributing to achieving the objectives set out in the federal strategy. We also assess and report on their progress in achieving the objectives of their own departmental strategies. We also review the accuracy of information in progress reports on the implementation of the overall federal strategy.

In addition, the commissioner manages the environmental petitions process on behalf of the Auditor General. This process enables Canadians to put questions directly to federal ministers on environmental and sustainable development issues under federal jurisdiction, and ensures that petitioners receive a response from the ministers concerned.

Finally, the Canadian Net-Zero Emissions Accountability Act requires that the commissioner review the implementation of measures taken by the Government of Canada to mitigate climate change, including those aimed at achieving the most recent greenhouse gas emissions target. He must also report on these measures and make recommendations. Our first report was tabled in 2023, a year earlier than required, and the second will be presented for tabling in November.

Mr. Chair, I would be happy to answer any questions the committee may have about my recent work. Thank you.

[*English*]

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

We'll start with Mr. Mazier for five minutes, please.

Mr. Dan Mazier: Thank you, Chair.

Thank you, Commissioner. It's nice to see you again.

Commissioner, an internal audit of grants and contributions programs revealed that Minister Guilbeault's department was not monitoring 10% of the projects and not reviewing a further 27%. In fact, Minister Guilbeault's management of taxpayer dollars was so bad that, according to the report, it represented "potential legal and reputational damage".

Throughout all your audits, have you ever noticed similar findings when the current government has failed to monitor taxpayer-funded programs?

Mr. Jerry V. DeMarco: As I mentioned in my opening statement, we haven't had a deep dive into any of Environment and Climate Change Canada's grants and contributions programs in the last couple of years, but we have looked at several other departments' programs. One example from last year would be the net-zero accelerator fund from ISED. We did have concerns regarding that fund. In 2021, we had the emissions reduction fund from NRCan, and we had concerns there as well. These are some of the examples of large grants and contributions programs that we have audited and had concerns with.

Mr. Dan Mazier: Do you recall how many dollars that involved?

Mr. Jerry V. DeMarco: The net-zero accelerator fund was \$8 billion. For the emissions reduction fund—the onshore program that we audited—it was between \$600 million and \$700 million.

Mr. Dan Mazier: That's a lot of money; that's a lot of taxpayers' dollars that are not accounted for; that's for sure.

Commissioner, have you ever conducted an audit that revealed the current government was not publicly measuring the value for money of taxpayer-funded programs?

Mr. Jerry V. DeMarco: Yes. Value for money is an important aspect. In fact, sometimes one calls a performance audit a value-for-money audit. That surfaced quite clearly in our most recent report from 2024, the "Strategic Innovation Fund's Net Zero Accelerator Initiative". We have concerns about the failure to properly track value for money. We touch on it in other reports as well.

It's something that we're also looking at in our next audit, regarding the Canadian Net-Zero Emissions Accountability Act, as opposed to the net-zero accelerator initiative. It is something that we're quite concerned about. We have some calculations in here about value for money in the net-zero accelerator initiative, and I could get into that in more detail if you wish.

• (1220)

Mr. Dan Mazier: Commissioner, have you ever found any evidence to suggest that the current government is inflating or inaccurately reporting the emissions it claims to be reducing?

Mr. Jerry V. DeMarco: Is that regarding the emissions that have been reduced to date or the claims regarding future emissions reduction?

Mr. Dan Mazier: It's regarding claims.

Mr. Jerry V. DeMarco: We have a range of audits where we find that the expected reductions have been overestimated or that they have been the subject of overly optimistic assumptions. If you call those "claims" or "projections", then we do have examples of that in a wide variety of reports.

It's actually disappointing. That's something that's come up in reports for many years, and we've had to say somewhat the same thing in different reports over the years, in terms of overly optimistic assumptions. Probably the two that come to mind most recently would be the hydrogen audit, as well as the emissions reduction fund. In both of those cases, we found that the expected reductions were overly optimistic. Then, in our first Canadian Net-Zero Emissions Accountability Act report from last year, we also reported on some examples, for example, in the area of public transit.

Mr. Dan Mazier: What are the implications of this? You're reporting this. You're telling the government that it's double counting, that it's inflating the numbers and that it's basically not telling the truth to Canadians about how these programs are functioning. What are the implications of that? What are the results? What happens?

Mr. Jerry V. DeMarco: As indicated in our 2021 report on lessons learned in climate change, for the failure to execute plans because of double counting, as you mentioned, because of overly optimistic assumptions or because of policy decisions that may undermine initiatives—a whole range of things—the net effect of that has been a series of failures to meet targets over the last three decades. It's not just an academic question about a program not meeting its objective or an overly optimistic objective. All of that has added up over the years to a net failure to meet any of these targets to mitigate climate change through emissions reductions.

The Chair: Thank you, gentlemen.

Mr. Kusmierczyk, welcome back. I'm glad you're feeling better.

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

Mr. DeMarco, you've been described as "a leading Canadian expert...in the field of environmental policy and law". You have close to 30 years' experience in those fields. You also have a bachelor's degree from the University of Windsor. Is that correct?

Mr. Jerry V. DeMarco: That's an easy question.

Yes.

Mr. Irek Kusmierczyk: That is the source of your superpower, sir, so I'm glad to hear you say this.

Mr. Taylor Bachrach: These are tough questions. It's not fair.

Mr. Irek Kusmierczyk: You did a report on ISED's net-zero accelerator and found that it took applicants 407 hours to complete an application. Oftentimes, it took 20 months from the time they applied to the time they signed a contribution agreement.

I want to ask you this: In your view, what are the consequences of such a long process?

Mr. Jerry V. DeMarco: This is set out in our report, starting at paragraph 4.21. "Long and difficult application review process" is the heading.

In this instance, one of the consequences of the cumbersome and lengthy process has been a failure to attract large emitters. Not many of those classified as large emitters in Canada—in terms of number of megatonnes of emissions per year—were attracted to the fund. Whether that was entirely due to the cumbersome process, I can't say exactly, but that is one of the potential concerns. If the application process is not user-friendly, and the fund has the objective of significant reductions in emissions.... If you're not attracting the large emitters, you're not going to get those large reductions.

• (1225)

Mr. Irek Kusmierczyk: It serves as a barrier to some of the applicants.

Mr. Jerry V. DeMarco: Yes. It's probably a perceived barrier. Anyone can go through it if they have the will, but it might be a disincentive to those who want to put their time elsewhere.

Mr. Irek Kusmierczyk: Back in 2006, the previous administration called for a blue-ribbon panel on grants and contributions. One of the panel's recommendations was to "Dramatically simplify the reporting and accountability regime".

Can you help us understand how we square wanting to reduce red tape on the application and reporting sites to simplify the process with, at the same time, strengthening accountability measures? What's the sweet spot, and how are the two related?

Mr. Jerry V. DeMarco: You're right to characterize the potential competing objectives of timeliness and efficiency on one side and thoroughness and due diligence on the other.

However, I'm of the view that those objectives aren't mutually exclusive. They don't necessarily run counter to one another. You can have an efficient and effective process that doesn't necessarily equate with years of review, so long as the criteria being used are transparent, defensible and in line with best practices. I would not say that a more effective and efficient review process—which is what we recommend in recommendation 4.29—necessarily correlates completely with time. We can be strategic about how we go through the review to ensure it is covering all the bases from a due diligence point of view but isn't cumbersome and lengthy for other reasons that are not contributing to the effectiveness of the review process.

Mr. Irek Kusmierczyk: Well, I appreciate that. Sometimes simplifying the process might make it easier for auditors and officials

to make sure it is accountable. If it's simplified, as opposed to being convoluted....

We heard something similar in the conversation when the comptroller general was here. She made a remark that documentation is so rudimentary and basic, yet we've heard time and again from the Auditor General's office and other reporters about a pattern of lack of documentation.

Do we have a documentation problem? Can you explain why that might be the case? Why are we seeing, over and over again, documentation that's simply not up to snuff?

Mr. Jerry V. DeMarco: The process of documentation is an important part of any review of the effectiveness of a program such as a grants and contributions program.

I would say that the emphasis of this report from our office, though, is more on outcomes than process. We found that the main gaps, in this case, had to do with value for money, as we discussed earlier today, as well as the total amount of reductions expected from the large sum of money being expended. In this particular instance, the main problems we uncovered related to value for money and the lack of a horizontal industrial strategy to guide the use of that money.

Other than the efficiency of the current, cumbersome process, we didn't find a lot of other issues with respect to documentation in this particular audit.

Mr. Irek Kusmierczyk: This audit that was done was an internal audit by ECCC. I want to ask you whether you feel that this is the right mechanism or venue to review internal processes at ECCC, or would your office be the one best positioned to do an audit? Are you satisfied with the work that was done internally by ECCC? Are they the right mechanism in this instance?

Mr. Jerry V. DeMarco: To clarify, when I said this audit, I was talking about the net-zero accelerator report from our office.

Mr. Irek Kusmierczyk: Pardon me, I wanted to shift back to—

Mr. Jerry V. DeMarco: Yes, you're shifting back to the internal audit that's been carried out by ECCC. I understand that you had the deputy minister speak to that last week.

• (1230)

Mr. Irek Kusmierczyk: Yes.

Mr. Jerry V. DeMarco: I haven't had a chance to review the transcript of that hearing yet. I'm not sure if it's been posted on the committee's website yet.

I'm not intimately familiar with all of the findings of that internal audit by ECCC regarding their grants and contributions.

In the ecosystem of auditing, both the internal audit, such as that example, and parliamentary officers, such as an Auditor General's office, including the Commissioner of the Environment and Sustainable Development, both have a role to play.

I would have to look carefully at the scope of their audit to determine whether it's something that was covered well or not, but I haven't audited their audit, if that's what your question is.

Mr. Irek Kusmierczyk: And whether there's a value-added... Okay, gotcha.

Thank you.

The Chair: Thanks very much

Mrs. Vignola, go ahead, please, for six.

[*Translation*]

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

Mr. DeMarco and Mr. Blouin, thank you for joining us.

Mr. DeMarco, in your speech, you said that Environment and Climate Change Canada's grants and contributions programs had not been audited recently. Why is that? Is there a sequence that means it will soon be their turn?

Mr. Jerry V. DeMarco: There are a lot of grant and contribution programs across departments. We chose the ones that were aimed at big reductions in greenhouse gas emissions, and those were programs from other departments. We didn't ignore the Department of the Environment and Climate Change, since we do several audits within that department, but they are on programs other than its grants and contributions programs.

Mrs. Julie Vignola: Thank you very much.

In your statement, you also said that you are reviewing the draft Federal Sustainable Development Strategy and making comments on it. Are these suggestions being implemented or taken into consideration?

Mr. Jerry V. DeMarco: In terms of our final comments on the new strategy, some of our recommendations have been implemented by the department, while others have not. So, they weren't all retained, but they weren't all rejected either. We're somewhere in between.

The problem that persists, even after our recommendations, is that this strategy continues to focus on the environment without taking into account the other two aspects of sustainable development, the economic and the social. I'd like to see a sustainable development strategy that integrates the three aspects of sustainable development more equally, rather than focusing on the environment and ignoring most of the economic and social aspects.

Mrs. Julie Vignola: Thank you. Your answer allows me to move to my next question.

When you're planning something, in my opinion, it involves looking beyond the end of your nose and considering all the elements that will be affected, or as many factors as possible. In short, it's about having a global vision. Unfortunately, that's not what we're seeing, and that is what you're saying, to a degree. It's as if everything is done on an ad hoc basis, to look as good as possible and get the best flowers thrown at you. Perhaps my question will be more specific.

What are the consequences of the lack of coordination between programs and of working in a vacuum, without an overall picture of the situation? In my opinion, this means that we can give subsidies or tax credits to the oil industry, for example, while saying we're going to plant 2 billion trees, but without seeing how these two

ideas can come together, move away from each other, or even interfere with each other.

What are the consequences of not having a program overview?

Mr. Jerry V. DeMarco: That's a big question.

There's a saying about not being able to see the forest for the trees. That's why, in 2021, we published a report entitled "Lessons Learned from Canada's Climate Change Performance". We had sought to understand, in a comprehensive way, the problem of repeated failure to meet greenhouse gas emission reduction targets.

Our first lesson was the need for better leadership and coordination. So I agree with you that we need to look at the whole package. There are over 100 measures dealing with climate change, as well as others dealing with biodiversity and sustainable development. We need to see the interaction between these measures. In the context of sustainable development, we also need to see the interaction between measures relating to the environment and measures relating to economic and social aspects, as I said.

So I agree. This system where departments work in silos is an obstacle that prevents the government from having a global vision.

• (1235)

Mrs. Julie Vignola: Thank you very much.

In your audit report, you talk about the process—

[*English*]

The Chair: That's your time.

Mr. Taylor Bachrach: She can have 20 of my seconds.

The Chair: Okay, I was just testing.

[*Translation*]

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

Mr. DeMarco, in your audit report, you say that the contribution application process takes an average of 407 hours, which corresponds to more than 10 weeks full-time. Small and medium-sized companies, no matter how creative, can't pay a full-time person for 10 weeks to fill out an application.

Are these programs made primarily for big companies with very strong backs, yes or no?

Mr. Jerry V. DeMarco: Maybe. I can't answer yes or no, but I can tell you that there are also a lot of big companies, big emitters of greenhouse gases, that haven't applied to the program. So there are problems there too.

Mrs. Julie Vignola: All right.

[*English*]

The Chair: Thanks very much.

Mr. Bachrach.

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

Thank you, Mr. DeMarco, for, I was going to say “being back”, but I'm not sure you've been to OGGO for a while. At least I haven't seen you here in my time.

Mr. Jerry V. DeMarco: This is my first appearance at OGGO.

Mr. Taylor Bachrach: It's your first appearance—there you go—but of course, I think we've all had the pleasure of hearing your reports at other committees.

This issue of grants and contributions is an interesting one. I'm trying to think of questions that relate specifically to your area of responsibility.

You have a broad view of the government's emissions reduction plans, and you've reported on that in the past. It seems to me, unless I'm missing something, that they kind of fall into two buckets. There's the regulatory piece, the rules and regulations and laws that constrain different sectors from emitting. Then there's the carrots piece, which is the grants and contributions the government's giving out as incentives to reduce emissions.

I'm wondering if it's too much to ask you to broadly comment on these sticks and carrots buckets. Which of them has proven the most effective or made the biggest contribution to emissions reductions over the years that you've been in your role?

Mr. Jerry V. DeMarco: In exhibit 4.1 of the net-zero accelerator report from last year, we try to simplify that as well. We are able to simplify it only into four categories. You've managed to put it into two, but we have carbon pricing regulations; financial support including grants and contributions, which we're talking about today; and others, such as education and government procurement, and the greening of government strategy. We've used that taxonomy, but at one trophic level higher, you could call them just carrots and sticks, if you'd like. There's nothing wrong with that.

We haven't audited the contributions of each one of those buckets to say for sure how much is expected to result in the 36% reduction in greenhouse gas emissions that Environment and Climate Change Canada is currently on track for, according to its own calculations. At other committee hearings, which some of you have been present for, the government itself has said it expects to get about a third, I believe, from carbon pricing. The other big chunk is regulations. Financial support and other, such as procurement, would be the remainder. Certainly, carbon pricing and regulations are the two big-ticket items.

Mr. Taylor Bachrach: Okay.

It seems to me that one of the risks involved with grants and contributions is this sort of shoehorning effect, whereby the government allocates an envelope of money for certain kinds of contributions, and then all of these instances pop up where they have potential recipients that they want to get money to somehow and they go looking around for envelopes of money that could be applied in that way. For example, the net-zero accelerator fund has a number of different criteria, not just emissions reductions.

Is there a risk of government using these kinds of funds as a bit of a catch-all for projects that don't necessarily emphasize emissions reductions but might hit on some of the other criteria, such that the net effect at the end of the day is that projects get funded,

but the primary objective of reducing emissions actually gets de-emphasized in the outcomes you're seeing?

• (1240)

Mr. Jerry V. DeMarco: That is definitely a risk.

In this instance, most of the fund actually has been committed to already in terms of the \$8 billion, yet in terms of bankable reductions, it's nowhere near the 19 megatonnes to 20 megatonnes that Environment Canada was hoping to see out of this program by ISED. Whether the relatively modest amount of reduction, which I believe in this case was from five of the 17 projects, is from shoehorning or from other causes, I can't say for sure, but the main message is that this is a large sum of money without a lot of bankable emissions reductions associated with it.

Also, in terms of value for money, there is a lack of demonstration by the department that this fund is going to truly accelerate towards net zero—which is the name of the fund—in a significant way. That's the main problem with this fund.

Mr. Taylor Bachrach: I didn't do the calculation, but it would be interesting to know the cost per tonne of those emissions, those modest emissions, from the net-zero accelerator fund. Maybe I can do the math between rounds.

Mr. Jerry V. DeMarco: No, we've done the math.

Mr. Taylor Bachrach: Oh, you have done it? Okay.

Mr. Jerry V. DeMarco: It's in the report.

Mr. Taylor Bachrach: Okay. It's exhibit 1.4 at pages 4 and 5. Thank you for the data.

The Chair: Thanks.

We will now go to the final round.

Next is Mr. Mazier for five minutes, please.

Mr. Dan Mazier: Thank you, Chair.

Commissioner, the government launched an \$8-billion taxpayer-funded program called the “net zero accelerator”. The government claimed that they could reduce emissions by giving away \$8 billion to megacorporations through this program.

According to your report on the net-zero accelerator project—I have to double-check this because I can't believe what I'm actually going to say here—these funds “can be fast-tracked with a letter to the Prime Minister.” That's at the bottom of page 8 of your report and, like I say, I hesitated, because I wanted to make sure I had that quote correct.

I find this quite alarming and scandalous, to say the least. Does this not concern you? When you reported this and when you saw this, did it not concern you that the world's largest companies can write a letter to the Prime Minister and say, "Here, we need some funding to reduce...we might reduce some emissions?"

Mr. Jerry V. DeMarco: I'll start by saying that this exhibit 4.2, if I recall correctly, describes the process that is available. I do not believe that we found in any of the 17 files a letter such as that.

This describes the process that can be followed, but I don't recall there being anywhere a letter to fast-track. That's an option that's available, but you would have to confirm for sure from the department whether they've actually used that. I don't recall. I haven't seen it being used—

Mr. Dan Mazier: Why was it there?

Mr. Jerry V. DeMarco: Pardon me?

Mr. Dan Mazier: Why was it there, then? If you don't recall, I guess that's just the standard.

Mr. Jerry V. DeMarco: This is just describing the approval process. That is one of the steps that's available in the approval process. It doesn't mean that in each of the 17 they went through all of these steps.

Mr. Dan Mazier: Have you ever seen anything like that?

Mr. Jerry V. DeMarco: Well, ultimately, it's ministerial accountability to the decisions being made under this, so we can do an audit, but ultimately the accountability is with the minister in terms of demonstrating the value to taxpayers of these funds.

We do have concerns, not so much about that letter, because we didn't see it being used, but we did find examples—I think it was three of the 17—where they were fast-tracked without due diligence. We do have a recommendation about that:

To ensure that [ISED's] reporting of greenhouse gas reduction commitments is accurate, the department should follow due diligence and complete the assessment for all projects before agreements are signed.

That would be our view in terms of putting into place a better due diligence process before these big-ticket agreements are signed.

• (1245)

Mr. Dan Mazier: Why would you send a special letter to the Prime Minister versus someone else, like a department head in a regular process? This is pretty extraordinary. With an \$8-billion access fund, there's a direct pipeline to the Prime Minister.

Why send a letter to the Prime Minister? Was that ever explained to you in your audit, or did anybody ever ask that question?

Mr. Jerry V. DeMarco: We're auditing their execution of the program, and we have concerns about that in terms of the value for money and the total amount of greenhouse gas emission reductions. It's up to the government to decide the process, and it approved that.

I think that question would be better addressed to the deputy minister of ISED, if he is to appear.

Mr. Dan Mazier: Is the deputy minister of ISED the one who would issue this letter? This is an environment program, so would it not be the deputy minister of environment who would issue it?

Who would write that letter to the Prime Minister?

Mr. Jerry V. DeMarco: We haven't seen an example of such a letter, but my understanding is that.... Maybe I should explain this a bit better.

The net-zero accelerator fund is part of Environment and Climate Change Canada's emissions reduction plan, but it's administered by ISED, so it's an ISED grants and contribution program.

Mr. Dan Mazier: These major corporations can still access billions of dollars through a letter to the Prime Minister, though. Is that correct?

Mr. Jerry V. DeMarco: That's what's set out in the process provided to us in exhibit 4.2, but we didn't see any examples of that letter being sent.

Mr. Dan Mazier: Do you think it's really appropriate that mega-corporations can get free taxpayers' money through the net-zero accelerator fund through the Prime Minister?

Do you think there's a better process?

Mr. Jerry V. DeMarco: Our views on this are wrapped up in recommendation 4.63. Whatever process and approval agents they want to have in their flow chart, that due diligence should happen before the approval of these agreements. That's our view.

It's up to the government to decide who does what in the approval chain, but we would like to see due diligence prior to the commitments.

The Chair: Thank you very much.

We will now go to Mr. Bains, please.

Go ahead, sir.

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

Thank you to the Office of the Auditor General for joining us here today.

Your recent audit of the net-zero accelerator initiative found that the initiative "was not part of any coherent and comprehensive horizontal industrial policy on decarbonization". Similarly, Environment and Climate Change Canada's internal audit of its grants and contributions programs found them to be uncoordinated.

Can you elaborate a bit on the significance of these findings?

Mr. Jerry V. DeMarco: I'll pick up on a theme we touched on with the questions from Madame Vignola. Looking at things in an integrated way, let's start at the highest level with the three pillars of sustainable development, looking at the environment, economy and social dimensions all together. That will lead to more effective decisions than looking at them in silos.

Looking across the federal government, it's been set up, obviously, for decades and centuries, in departmental silos. However, the world is facing a number of challenges that do not fit very well now within each of those silos. The government has tried to adapt by putting in some horizontal initiatives to overcome the vertical silos, but it's far from doing that in an effective way. We're still seeing siloed decision-making, and the proof is in the outcomes. We've now had 30 years since Canada's commitments to stabilize and then reduce greenhouse gas emissions, and during that time emissions have gone up.

Obviously, it would be unwise to keep doing the same thing and expect different results. We need to have a better system for tackling these horizontal issues that are whole-of-society, not just whole-of-government. One way to do that would be to rethink the departmental silos that have ruled the day so far.

As we mentioned in our climate change lessons learned report, there may be a need for a more centralized and coordinated approach.

• (1250)

Mr. Parm Bains: Is that the only measure that can be taken as a recommendation? What, specifically, can be done? Is it just centralizing? How would that work?

Mr. Jerry V. DeMarco: We've surfaced the issue. Obviously, it's a policy decision of the government to decide how to address the problem that we've uncovered. We've pointed to examples in other countries where there is a more centralized approach to climate change mitigation. Does that mean it will work for sure? No. You could have a central agency that also fails to produce results.

We know that the lack of accountability and the lack of coordination in Canada have been present now for 30 years, and we are the worst performing of the G7 countries in reducing greenhouse gas emissions. Something has to change, but it will be up to the government to recognize that problem and make the policy decisions necessary to rectify it.

Mr. Parm Bains: There was some mention of chief executives who audit every different.... Maybe those are the silos you're talking about.

Would it be important to ensure they coordinate in some capacity and establish some type of mechanism to centralize this? Do you establish something like a task team to do this?

Mr. Jerry V. DeMarco: Are you referring to the chief audit executives in each department?

Mr. Parm Bains: Yes.

Mr. Jerry V. DeMarco: There are chief audit executives responsible within their departmental silos. Would they be the ones able to cut across these silos and effectively implement horizontality? It would be a challenge at that level, I think, to do so. It has to be

something that comes from the centre of government—Treasury Board, Finance or one of the other central agencies. They can put into effect something like that.

I don't know whether each individual chief audit executive could be expected to overcome those silos, given that the scope of their work is defined by their department.

Mr. Parm Bains: How much time do I have left?

The Chair: You have 20 seconds.

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

The Chair: Thanks, Mr. Bains.

You have two and a half minutes, Mrs. Vignola.

[*Translation*]

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

Gentlemen, thank you for being with us and taking the time to answer our questions. I have many more, but I have a debate to finish right now with my colleagues.

Members of Parliament, I'd like to bring back to the table the debate on the report to the House on the Governor General's expenses for her French courses. I'll read my motion again, since some of you weren't here last time.

The media reported on Wednesday, September 25, 2024, that the Governor General of Canada, Mary Simon, was still unable to converse in French during a visit to a community organization in Lévis, Quebec, and that she had to forego certain activities planned during her stay in Quebec for this reason. In addition, the Governor General had made a firm commitment to learn French by 2021, when she was appointed, and again told Radio-Canada in an interview in 2023 that she wanted to be able to speak to francophones by the end of 2024. Moreover, tens of thousands of dollars in public funds have been spent on French courses for little result since 2021.

Therefore, the motion proposes that the committee express concern that the Governor General cannot adequately address Quebec francophones and francophones from francophone communities in other provinces in their mother tongue. The motion also asks the committee to express its deep disappointment that after three years since her appointment, the Governor General of Canada cannot sustain a basic level of conversation in French in the exercise—

[*English*]

The Chair: Madame?

[*Translation*]

Mrs. Julie Vignola: Yes.

[*English*]

The Chair: I have to interrupt you.

Are you looking to reintroduce your motion that was adjourned?

[Translation]

Mrs. Julie Vignola: The debate was adjourned and there was no vote on the motion.

[English]

The Chair: We have to get—

[Translation]

Mrs. Julie Vignola: I want us to start the debate on this motion.

[English]

The Chair: We will go to a dilatory vote on it. You can't speak to it. You have to move to reintroduce it.

[Translation]

Mrs. Julie Vignola: All right.

[English]

The Chair: That causes a dilatory vote on whether we will resume the debate. You can't speak to it first.

[Translation]

Mrs. Julie Vignola: I can't speak—

[English]

Mr. Taylor Bachrach: Shouldn't we vote to put it back on the table?

The Chair: Yes, we have to put it back on the table first, before we actually continue the debate.

• (1255)

[Translation]

Mrs. Julie Vignola: I see.

[English]

The Chair: We can consider that you're moving it in order to have a vote on whether we will resume the debate on it, but we need to have the vote first.

[Translation]

Mrs. Julie Vignola: If that's the procedure, let's go with the procedure. We have no choice, it seems.

[English]

The Chair: Yes, that's what I'm trying to get at.

I'll have the clerk do a vote on a dilatory motion to resume the debate on Mrs. Vignola's motion.

Go ahead, sir.

(Motion negatived: nays 8; yeas 2 [See Minutes of Proceedings])

The Chair: We will not be resuming that debate right now.

We will now turn to Mr. Bachrach for his final two and a half minutes.

Mr. Taylor Bachrach: Thanks, Mr. Chair.

Mr. DeMarco, the leader of the Conservative Party has said that if his party were to form government, he would not pull Canada out of the Paris Agreement, which comes with certain emissions reduc-

tion commitments that have already been made and can't be watered down, as I understand it. However, we know very little about his actual climate plans. There are many policies that he has opposed but few he has supported. The main one we hear about repeatedly is this idea of meeting our emissions reduction target by exporting fossil fuels to other parts of the world.

Could you comment on the efficacy of that approach, whether it's consistent with the Paris Agreement, and whether other countries are meeting their emissions reduction targets using that approach?

Mr. Jerry V. DeMarco: The choice of measures is a decision to be made by government, and Parliament itself, to the extent any of those measures are reflected in legislation. What I have said before in previous committee hearings and with other committees is that if we remove any big-ticket items from the current suite of measures—and we have in our net-zero act report a list of 80 measures that are ongoing and another 37 that are proposed—another replacement measure needs to be put in place to compensate for that, so that it still adds up.

Having said that, even if you look at all the measures now, they still don't add up to 40%-45%. If we're to meet the Paris Agreement target that Canada has set for itself in its NDC, a 40%-45% reduction from 2005 levels by 2030, we're actually still in need of more measures or ratcheted-up existing measures.

We're not even at the point where we're meeting the target or on track to meet the target, so I'm hesitant to have a view on a specific measure and how one could be replaced. We're looking at the global 40%-45%, and we don't even have an emissions reduction plan yet that has bankable measures that will get to the lowest part of that range of 40%-45%.

We still have work to be done. What the government chooses to do in terms of the measures is up to the government.

Mr. Taylor Bachrach: Are you seeing any other countries employing the policy approach that he suggested?

Mr. Jerry V. DeMarco: I don't think I've done a deep dive into that particular issue in any of the audits so far.

Mr. Taylor Bachrach: Thank you.

The Chair: Thanks.

Next, we have Mrs. Block, please.

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

I'm going to follow up on a line of questioning by my colleague, Mr. Mazier.

I want to go back and ask, who would have written the programming rules stating that one could fast-track approvals to the Prime Minister? Who would be responsible for that rule?

Mr. Jerry V. DeMarco: Are you looking at exhibit 4.2, again, in terms of the process?

Mrs. Kelly Block: Yes.

• (1300)

Mr. Jerry V. DeMarco: That process is managed by ISED. The witnesses earlier today would have been involved in approving the creation of this fund at Treasury Board. Who actually made the decision for that off-ramp, where things can be fast-tracked, I don't know.

I'll ask Mr. Blouin, were we given that information, as to who approved the process set out in exhibit 4.2?

Mr. Nicolas Blouin (Director, Office of the Auditor General): We were not given that information.

Mrs. Kelly Block: I'm not looking for a name, but perhaps a position. Who would have the authority to write that sort of rule in place in a process?

Mr. Jerry V. DeMarco: The process, generally, was managed by ISED. It would have required some level of Treasury Board approval. The program itself would have required some level of Treasury Board approval. I would suggest you speak to the deputy minister at ISED to find out, specifically, what position was involved in approving that aspect of the flow chart. I do not have a certain answer for you, unfortunately.

Mrs. Kelly Block: I'm not sure if you answered this earlier. Is this a standard rule for departments to have in place when seeking approvals for certain grants and contributions?

Mr. Jerry V. DeMarco: Again, that's probably a question better directed to the deputy ministers, and, at a global level, the comptroller general, who was here earlier. I haven't seen that particular example of fast-tracking with a letter to the Prime Minister in other grants and contributions audits we've done recently. We've only looked at a few, and there are dozens and dozens of these programs. It's better to ask someone who has more of a global view of this process, and that would be Treasury Board.

Mrs. Kelly Block: Okay, thank you.

In many audits your office has completed over the last few years, one of the primary issues that has been highlighted in those reports has been the lack of documentation and perhaps even mismanagement. When you see continued mismanagement called out over several years with no improvements, would you agree that a full forensic audit would help to give a full picture of the mismanagement?

Mr. Jerry V. DeMarco: One could scope an audit to look at it in a global sense, or one can look for the trends across our audits. I would say that in both the audits I've spoken about earlier today as well as some of the other ones that come to mind, we have looked at the issue of open and transparent process and documentation, as you just talked about. We've had concerns about eligibility. We've had concerns about whether the expected outcomes are being achieved, for example, in the net-zero accelerator.

We've also had concerns about whether grants and contributions programs are properly being measured, monitored and verified. I can speak to those at a general level by connecting the dots amongst many reports. Whether we would need to do another re-

port to do that, I'm not sure, but those are themes that have come up across several reports.

Mrs. Kelly Block: A fuller audit could be in order. Is that right?

Mr. Jerry V. DeMarco: An audit of that level would need to be approved by the Auditor General in terms of looking at such a large.... It would be up to her to decide, looking at the opportunity cost against other audits. I can tell you that these themes have already come up in several audits, and we can connect the dots at least for those.

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

I'm going to turn over the last few seconds of my time to Ms. Kusie.

Mrs. Stephanie Kusie: Thank you, Ms. Block.

Given the larger context of today, Chair, we have the 2019 Treasury Board guidelines, which clearly have not been adhered to. We saw the bad audit out of Global Affairs Canada. We now have a part-time minister. I believe, Mr. Chair, that this necessitates greater oversight, as has been brought to the attention of the committee by my colleague. As such, I'm putting on verbal notice the following motion:

Given that,

grants and contributions by Environment and Climate Change Canada have increased by \$625 million since 2016;

only 5.5% of all grants and contributions from ECCC were reviewed in a departmental audit;

the audit stated that there was a potential for abuse and mismanagement that may lead to "reputational and legal damage"; and

this review was only an internal review and not independent;

the committee call on the Auditor General to complete a value for money and performance audit on the grants and contributions program at Environment and Climate Change Canada and report the findings to the House.

Thank you very much, Mr. Chair.

• (1305)

The Chair: Thank you very much.

We'll now turn to Mr. Sousa to finish off for five minutes, please.

Mr. Charles Sousa: Thank you.

Canada uses 2005 as its baseline in terms of the emissions reductions commitments. Is that right? How much has been reduced since 2005?

Mr. Jerry V. DeMarco: Based on the latest official figures from Environment and Climate Change Canada, which are the 2022 emissions, it would be between 7% and 8% from 2005 levels to 2022. The target is 40% to 45%.

Mr. Charles Sousa: In the absence of those measures, how much higher would emissions be by 2030? Some of these are estimates. Is that right?

Mr. Jerry V. DeMarco: Environment Canada does a projection, which people may call a “business as usual” or an “extrapolation”, as to what would have happened in this alternate world where none of these measures were in place. However, there are so many assumptions in that sort of modelling that I can't tell you a number that I'm comfortable with as to what the emissions would be today without any measures. They would obviously be significantly higher than today, but I'm not going to put a number on it.

Mr. Charles Sousa: I believe the Canadian institute of environment estimates that it would be about 41% higher. Is that correct?

Mr. Jerry V. DeMarco: You would have to ask them.

Mr. Charles Sousa: Is that what you've read, on their part?

Mr. Jerry V. DeMarco: I don't recall reading that specific number, but if that's their number, that's.... It would have assumptions associated with it, though.

Mr. Charles Sousa: I guess my point is that we recognize.... I agree we need a sustainable effort to go forward. I want to look at the environmental benefit, but I also want to look at the economic benefit, the green economy and other things we're trying to put in force to enable us to improve economic circumstances, environmental circumstances and social benefit. There is a benefit when all of this comes to be.

We can look backwards. We can go back to the days of coal plants in Ontario, for example. When we decarbonized our system, we got part of the cap and trade initiative. We became part of the western climate initiative, alongside Quebec, and we were taking advantage of a great benefit to reduce emissions and climate impacts on society and local communities. That's what Canada is trying to do in part of the overall Paris Agreement. Those are the efforts we're trying to proceed with. Measures are being taken and enacted. There are things we can do to improve upon this. That's why we have internal audits. That's why we make these efforts. That's why we rely on people like you, the experts in this area, to guide us and provide some direction on how to proceed in a better way.

The question is this: Is it not appropriate, then, to take measures, audits and reviews to sustain and support the program? Others believe there should be no program. Others are assuming there is no climate change. Others are saying we should just go back to the glory days of coal plants, emissions and manufacturing without looking at alternatives.

Mr. DeMarco, can you give us your impressions on what we should do, going forward? Is it not appropriate to do what we're doing?

Mr. Jerry V. DeMarco: Let me answer that at a high level.

There are measures, especially regulatory ones like carbon pricing, that have the ability to achieve significant reductions. We don't even have enough measures now to add up to our target of 40% to 45%. As I answered in a question earlier, we're in a position where we need more measures to do so.

Regarding the fact that we have some measures providing added value, does that mean we can rest on those laurels? No, we are far from achieving our target. On a comparative basis, we're the worst among the G7. One cannot say that we're doing something that's

good enough just because it's better than nothing. Compared with our neighbours, and looking towards our own target, we're not doing enough.

Mr. Charles Sousa: However, we're attempting to do more. That's the point. That's the whole crux of the matter. We have taken these initiatives. We realize we can do better. We're taking those matters in control.

I want to highlight some allegations being proposed.

Do you see the Prime Minister making these decisions unilaterally with submissions being put before him? Is there any interference by government officials or elected officials to obstruct the reduction of emissions? Is it not the policy to try to foster greater reductions overall?

Mr. Jerry V. DeMarco: The stated intent of a range of governments over the past 30 years has been to achieve an emissions reduction target. We failed on all of them. Does that mean the measures aren't working individually? Some of them are working well and some of them aren't, but they're not adding up to enough. That's my main point. If we look at the last few years of emissions, they're hovering around the same amount. Since COVID, they've been hovering around the same amount. This means that, for over 30% of that 40% to 45% target for 2030, there are now only six years left to get all of that 30%-plus in reductions.

The point I'm trying to make is this: To date, the results achieved from all these measures have not added up to enough. More effective measures and probably just more measures will be needed to achieve the goal of 40% to 45% by 2030 and net zero by 2050. We need to redouble our efforts to fight climate change.

• (1310)

Mr. Charles Sousa: Has the government initiated a receptivity to doing so?

The Chair: I'm sorry, Mr. Sousa. That is past our time.

Mr. Charles Sousa: It is a yes-or-no answer.

The Chair: We're quite a bit past our time.

Mr. DeMarco and Mr. Blouin, thanks for being with us. You've shown why you're two of my favourite witnesses on the other side, in public accounts. Thank you very much. I appreciate it.

Very quickly, colleagues, we have a couple of budgets to approve. You received copies of them the other day. I see thumbs-up all around. There are two budgets—one for grants and contributions, and one for Canada Post.

Thank you very much.

By this Friday at noon, please have witnesses for indigenous procurement. I haven't received anything since the motion was passed. It's Friday at noon, please.

Then there's Canada Post. We're doing that on Thursday. We received 20 recommendations. Our wonderful analysts have grouped a bunch together. I'm asking you to please take a look at the recommendations put forward by the analysts, who bunched them together. Be prepared. Hopefully, after chatting among yourselves, we can reduce those so we can get through the report on Thursday.

I appreciate everyone's patience.

With that, we are adjourned.

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