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Chair: John Williamson





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Monday, March 23, 2026

• (1105)

[Translation]

**The Chair (John Williamson (Saint John—St. Croix, CPC)):** I call this meeting to order.

Good morning, everyone.

[English]

This meeting is now in public.

[Translation]

Welcome to meeting number 28 of the House of Commons Standing Committee on Public Accounts.

[English]

Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders. Members are attending in person in the room, and possibly remotely, using the Zoom application.

[Translation]

Pursuant to Standing Order 108(3)(g), the committee commenced consideration of the 2026 spring reports of the Auditor General of Canada, referred to the committee on Monday, March 23, 2026.

[English]

I would like to welcome our witnesses from the Office of the Auditor General for our first hour.

Karen Hogan, Auditor General of Canada, thank you for coming in today and being ready to answer questions on the report, with Andrew Hayes, deputy auditor general; Nathalie Chartrand, principal; Sami Hannoush, principal; Jean Goulet, principal; Normand Lanthier, principal; and Gabriel Lombardi, principal.

*Bonjour.* It's nice to see all of you.

Ms. Hogan, you have the floor for up to five minutes, but if you decide that your introduction needs to be longer, you have the time. Or if it's short, that works as well. We have a lot of questions for you.

The floor is yours.

**Karen Hogan (Auditor General of Canada, Office of the Auditor General):** Thank you.

It will be a bit more than five, but I will try to speak fast.

**The Chair:** Take your time.

[Translation]

**Karen Hogan:** Thank you, Mr. Chair.

Good morning.

Thank you for the opportunity to speak to the committee today.

[English]

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

I am here today to discuss the findings of three audits that were tabled this morning in Parliament. These audits examine how well government organizations are managing important federal initiatives: the replacement of the government's pay system, reforms to the international student program and the RCMP's efforts to recruit police officers.

In addition, as is our usual practice, we have also provided Parliament with copies of our special examinations of the Atlantic Pilotage Authority and Via Rail, which were made public since our last tabling.

I will begin with our audit of the federal government's project to modernize its pay system.

[Translation]

We found that the Treasury Board Secretariat and Public Services and Procurement Canada managed the pay system modernization project in such a way as to ensure that federal public servants received accurate and timely pay.

The audit identified certain risks. Since the project is in its early stages, the secretariat and the department have the opportunity to take action to avoid them. However, I'm concerned about three components.

First, the progress made to simplify the pay rules was limited. As a result, the Dayforce system is being customized. This leads to an estimated additional cost of almost \$4 million a year.

Second, more than 233,000 pay transactions remained outstanding. This creates a risk of transferring errors into the new system.

Lastly, the shortened three-year timetable reduces the time available to clear the backlog and properly prepare departments for the transition. The government will need to keep a watchful eye and make quick decisions as this project moves forward.

• (1110)

[English]

Our second audit concluded that Immigration, Refugees and Citizenship Canada reduced the number of new study permits issued but fell short in other key areas.

In 2024 the department issued just under 150,000 permits, well below the forecast of 350,000. Some provinces, particularly those with smaller populations, were disproportionately affected. For example, Newfoundland and Labrador and Saskatchewan were both expected to see an increase of 10% in approved study permits compared to 2023, but instead experienced a decrease of at least 59%.

While the department introduced a tool to verify acceptance letters from learning institutions, it did not effectively investigate or follow up on high-risk cases. Over 153,000 potential cases of non-compliance with study permits were identified, but the department investigated only a small number.

It also did not pursue 800 cases involving fraud discovered after permits were approved. In most of these cases, individuals went on to apply for other immigration permits while in Canada, and more than half of them have since been approved.

Overall, the department needs to act on the information it has to address integrity concerns in the program.

[Translation]

In terms of Royal Canadian Mounted Police recruitment, the audit concluded that the RCMP failed to recruit enough police officers to meet its needs. The recruitment targets set by the RCMP fell short of the actual needs, and they weren't met. Significant delays in processing applications hampered recruitment. The RCMP missed its target processing time for 97% of the applications. As of September 2025, the RCMP needed at least 3,400 additional officers.

The shortages of front line officers were widespread across Canada, especially in contract and indigenous policing. Vacancy rates were critical in nine of the 11 provinces and territories served by the RCMP. A flexible posting plan attracted thousands of applicants, but exacerbated shortages in some regions. The RCMP must better determine its workforce needs and set targets to meet them.

[English]

Taken together, these three audits highlight the importance of careful planning and timely action to address risks. Without these elements, there can be delays and unintended impacts that stand in the way of positive outcomes for Canada.

We're pleased to answer any questions the committee may have.

**The Chair:** Thank you very much.

We have time for two full rounds today. The first one will consist of three members with six minutes each and then another round of five members. That will take us to about noon or just a few minutes after.

I know you have a busy day, Auditor General, so we will endeavour to move this along quickly.

Ms. Kusie, you have the floor for six minutes, please.

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

Again, thank you very much, Auditor General, for your excellent work.

The system you are referring to in the report today costs Canadians a minimum of \$4.2 billion, yet your key finding indicates the need to simplify and standardize pay rules before introducing a new system. It was a core lesson learned from the transition to the Phoenix pay system, yet it's concerning to you, a decade later, that there was little progress made to simplify these rules, and that customizing the new pay system is costing taxpayers an additional \$4 million a year. How could this have been avoided?

**Karen Hogan:** I think that's a great question to ask the Treasury Board Secretariat and Public Services and Procurement Canada.

When we came in here, we were just trying to see whether they had acted on lessons learned, and key areas are simplifying pay rules and standardizing pay processes. We did see one simplification agreed to with unions, but there is a lot of work left to be done. As a result, however, the mitigation measure is to customize Dayforce so that they can avoid pay errors in the future.

I think there need to be efforts by all parties involved to make sure that everyone is being paid accurately and on time. How they go about doing that, I'll leave to the central agencies and the unions. However, it's clear that, if you don't simplify, you need to, at least, customize to make sure pay is accurate.

• (1115)

**Stephanie Kusie:** Despite all of these customizations for \$4 million a year, manual workarounds are still required. Why, despite \$4 million a year for customizations, would manual workarounds still be necessary?

**Karen Hogan:** I think the Dayforce system is not just about replacing the Phoenix pay system, so it's not just the box that handles pay: It's also replacing HR management systems. There are about 30 different ones across the departments that are serviced by the Miramichi pay centre. This is more end to end, from onboarding to paying, so it isn't just about pay. There will always be processes before you get to the pay system, and it's about making sure that all of them have been standardized as well. While we saw some progress on standardization, no department is adopting that until they get on Dayforce, so it is too soon to know the impact it will have on treating pay.

**Stephanie Kusie:** In fiscal year 2024-25, 29% of normal and acting payments had errors within them. Do you think 29% is an acceptable rate for a pay system and for this government?

**Karen Hogan:** I think every employee expects to be paid accurately and on time. The number that you raise is the figure that we identified during our financial audit work for the Government of Canada. We've seen over years, because we've been tracking that every year, that it ebbs and flows.

That's why it's important in my mind to make sure that you have simplified the payrolls, standardized processes and cleared up all of these pay errors before you move a department onto the new Day-force system. If you bring a pay over with errors, it doesn't matter what system is processing it; there will be errors again.

**Stephanie Kusie:** Your report indicates that in 2023, Public Services and Procurement Canada set a target to eliminate all pay transactions that were one year or older by March 2026. Since then, the department's internal reports through September 2025 indicated it would not meet the target.

How can Canadians have confidence in a government that once again can't even meet its own targets?

**Karen Hogan:** As I just mentioned, this is one of the concerns and risks that we flagged with this project. It is clear that progress is being made on the backlog. We're seeing it decline, but what's concerning is the age of it. More than 50% of what's in there is more than two years old, and at least 16,000 pay action requests are more than six years old. It's those older ones that in my mind will be more complex to solve, the longer you go out. That will take more time. That's why we flagged a very big risk of shortening the timelines.

I would expect that Treasury Board Secretariat and Public Services and Procurement Canada are going to adjust their way forward, because you need time to make sure pay is accurate before you move it into the new system.

**Stephanie Kusie:** Was there any evidence at all that the government is considering the future implications of CER and the additional pressure it will put on this system?

**Karen Hogan:** That's one of the elements that I would call an emerging risk. There are risks right now that are known, and then there's obviously an emerging risk that the comprehensive expenditure review and early retirement incentives will all put pressure on pay and clearing out the backlog. This is one of those key elements I think needs to be factored in right now that will require a lot of diligence. It's not just identified risks but also emerging risks that need to be monitored and mitigated throughout a big project like this.

**Stephanie Kusie:** In the report, you mentioned the corporation Goss Gilroy that was retained for work on the Phoenix project. Do you have any information as to how that company was retained?

• (1120)

**Karen Hogan:** I unfortunately do not know how Goss Gilroy was retained, but I did look at their report. Many of their findings, concerns and recommendations echo some that came from my office back in 2018 and some that we're flagging right now.

Whenever you have a big project like this, there's a risk that you'll prioritize timelines over functionality and costs. It's important to make sure that people are paid accurately, and that's why a key step is to clear out all of this backlog before transition happens. That's a risk I hope the government will monitor closely and adjust as needed so it can meet the accelerated time frame.

**Stephanie Kusie:** Thank you.

**The Chair:** Ms. Yip, you have the floor for six minutes, please.

**Jean Yip (Scarborough—Agincourt, Lib.):** Thank you, Ms. Hogan and your entire team, for the good and productive work of these spring reports. Your work is always very important to help us improve.

I'm going to be asking you some questions on the RCMP report.

Why did the RCMP fail to recruit enough police officers to meet operational needs?

**Karen Hogan:** The biggest reason would be the slowness with which they processed applications that they received. It isn't a shortage of interest in the RCMP; only 6% of the applications received over the 30 months of our audit led to an offer to go to basic training. In the case of about 40% of applications, individuals either withdrew their applications or stopped communicating with the RCMP, likely because of the length of time.

The RCMP has a service standard that says an application should be processed in 224 days, and we found that on average it was taking 330 days. Speeding that up will need to be an important step to increasing the number of recruits who can make it through.

The last point I would raise about this is that starting with knowing your needs is essential. Right now, the targets they have set for recruitment are based on how many people they could train, and that falls well short of their actual needs. We believe they need at least 3,400 police officers. They have to think about where their vacancies are and attrition; they have to factor all that in. They're setting a target, but it's just too low for what they need right now.

**Jean Yip:** Was there anything that you felt they could do to speed up the application process?

**Karen Hogan:** It's a great question. Actually, I had a good conversation with the commissioner around how you adjust this. We identified a couple of areas that we thought might have been contributing to this, one being that a recruiting analyst picks up a file and moves it through the seven steps. Most of or half of those positions are sitting vacant right now, and that would be a contributing factor.

We also talked about how many of the steps are done one after the other, for the most part. There's an opportunity to do them concurrently, but also to do them in a different order, right? Identify where most are being eliminated from the process and see if you can move that up. For example, if the medical or physical exams and security clearances can be moved up, that could probably speed up the process. I think there are a lot of opportunities.

The commissioner has already spoken publicly, I think, about how he has hired a third party to help them work on this. Their goal is to reduce that timeline to six months. If you do that, as we mentioned in our report, make sure that you change the service standard by steps, so you can measure whether your efforts are being successful or not.

**Jean Yip:** Six months is still a long time.

**Karen Hogan:** Well, I think that if you're looking for a job, waiting any amount of time is a long time, but 330 days is very long, so six months would be an improvement, for sure.

**Jean Yip:** That is true.

In terms of the recruiting officer, the one who reviews the seven steps, why were so many in that particular position vacant? Did they give a reason?

**Karen Hogan:** I'm not sure that I know the answer to that. I think that would be a good question for the RCMP.

What we did see is that there is a follow-on effect from not having enough frontline police officers and we really focused in on those who provide service to Canadians on a day-to-day basis. Many of those experienced officers move into other areas of the RCMP, whether it be federal policing, special services or even their internal services. When you have a high vacancy rate in one, you tend to have a high vacancy rate all over the organization. I think they need to prioritize where their resources are used.

• (1125)

**Jean Yip:** Your report mentions that analysis of the RCMP's data shows that the shortage of police officers has worsened in the last two years. Why is that?

**Karen Hogan:** I think I would highlight the two elements that I've raised already, one being how long it takes to process an application. The majority of frontline police officers come through the contract and indigenous policing business line. They change their focus to really look at the vacancies there, but many of those officers, once they're experienced, move to other areas. When you don't have a clear picture of what your needs are across the entire organization, you're really only targeting to meet the needs of one business line. You're falling short.

There are many elements that have contributed, but the RCMP tried out measures to try to increase that. They put in place a flexible posting plan.

While that posting plan really attracted thousands more applications than they expected, it had an unintended consequence of seeing new police officers pick the province or territory they wanted to work in—the coasts of the country—and then they saw vacancies in the rest of the country increase.

They've since decided to repeal that, to draw it back, but I think this is why it's important to make sure that you measure whether all of your efforts are having the intended impact.

**The Chair:** Thank you. That is your time.

[*Translation*]

Mr. Lemire, you have the floor for six minutes.

**Sébastien Lemire (Abitibi—Témiscamingue, BQ):** Thank you, Mr. Chair.

Ms. Hogan, thank you once again for your extremely thorough reports. I would also like to thank your entire team.

Since we're talking about Dayforce today, I would like to give you some background on the issue.

The Phoenix pay system was introduced in 2016. At the time, its estimated cost was \$272 million. It ultimately cost around \$5 billion. We'll soon be throwing away \$5 billion, of which \$2 billion was simply used to solve problems. Of course, this is taxpayers' money.

By 2019, we knew that the Phoenix system was flawed and that it wouldn't be the software of the future. The federal government signed a new contract with Dayforce, estimated to cost \$57 million. On June 11, Minister Joël Lightbound announced a \$350 million contract with Dayforce for 10 years, with a possible extension to 20 years.

In your report, less than a year later, we see that this cost has already reached \$565 million. We're already hearing about another \$200 million being spent, bringing the total cost of the project to \$4.2 billion.

Is this the correct interpretation of the cost estimate for the federal government's pay systems?

**Karen Hogan:** You cited many figures. I must point out that the current costs of over \$500 million aren't just related to the contract. The costs also include internal government expenditures. In the early stages, when we have preliminary estimates, we certainly expect costs to rise as things become clearer and as we better understand all the flaws or concerns.

That said, I would expect the government to monitor this closely with the help of a third party. I would also expect it to assess the current payroll processing costs with Phoenix, as well as the payroll processing costs with Dayforce. This would be a good way to see whether the new system has lowered costs for the federal government.

**Sébastien Lemire:** In this situation, we're talking about an amount that should be \$4.2 billion. Does this include the additional funding listed in your report over and above the \$565.9 million initially approved for the project?

• (1130)

**Karen Hogan:** Yes, the cost of the project, currently estimated at \$4.2 billion, includes expenditures already incurred by the departments. However, this is still a preliminary estimate. It doesn't include an expenditure that I consider quite significant. This expenditure is the cost incurred by all the other departments and agencies that need to make the transition to Dayforce. Currently, the estimate includes only the costs of the system and the costs involved in the central agencies' transition to Dayforce.

**Sébastien Lemire:** We have only centralized information. We know that 49 departments must make the transition to this system. All this hasn't yet been factored in, and we're already talking about \$4.2 billion.

Is this an accurate picture of the situation?

**Karen Hogan:** Some 49 departments use the Miramichi pay centre to process their payroll. We must also take into account all the other departments and agencies currently using the Phoenix system that will be making the transition to Dayforce. There are many of them. A hundred or so departments must also make this transition.

**Sébastien Lemire:** Page 13 of your report, paragraph 31, states the following:

These detailed cost estimates have to be finalized and delivered to the Treasury Board of Canada Secretariat by December 2026 if additional funding beyond the originally approved \$565.9 million is to be allocated to the project.

In June, the projected costs were \$350.6 million, according to Minister Lightbound. In December, the project was budgeted at an additional \$200 million. You're now already estimating that this amount will be exceeded and that additional amounts will be needed for what has already been spent.

**Karen Hogan:** You spoke a bit about the cost of the project in terms of the funding provided by Treasury Board. Yes, certain funding tranches are earmarked for the project. Throughout the process, the project cost estimate must be updated so that other funding tranches can be allocated to the project.

The \$4.2 billion figure doesn't include transition costs for all departments. We recommended that the government take a step back to obtain an overall picture of the transition to the new pay system for all departments, not just the central agencies.

**Sébastien Lemire:** It's a major challenge for the government to assess costs properly in the early stages. Every year, costs rise and departments have fewer and fewer operational skills.

Have you estimated the operating costs associated with contracts awarded to IT firms, for each operation, and the impact on the overall amount?

**Karen Hogan:** No. The project is still in its initial phase. We wanted to get involved and to provide recommendations in order to improve the project and avoid having another Phoenix as the payroll processing system for all public servants.

It's still too early to assess all the contracts. However, I would expect the government to assess the current cost of processing a payroll transaction in order to make a comparison with the cost under the new system. This is one of our recommendations.

This is one of the objectives underlying the system change. It's about reducing the costs associated with payroll processing. We need these targets and this information now so that we can determine the success or failure of the project.

**Sébastien Lemire:** Thank you.

You said that it was too early. However, I think that, for Minister MacKinnon, it will be too early for him once again. I think that we'll need to celebrate these overruns again.

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

[English]

We'll begin our second round, which will consist of five members for various times.

[Translation]

I'll now give the floor to Mr. Deltell for five minutes.

**Gérard Deltell (Louis-Saint-Laurent—Akiawenhrahk, CPC):** Thank you, Mr. Chair.

Good morning, colleagues.

I would like to welcome everyone to your Canadian Parliament.

Once again, great reports have been submitted. I would like to thank you and your team, Ms. Hogan.

I'm concerned about one issue. You spoke, for example, about the Dayforce program. It's a sad reminder of the Phoenix disaster. I say "disaster" because tens of thousands or even hundreds of thousands of Canadian families have endured and lived through disasters as a result of Phoenix's mistakes.

Remember that, on two occasions in 2015, before the launch of operations, we slowed down and even stopped production to make sure that everything was running smoothly. However, unfortunately, in February 2016, although we don't really know by whom and when, the green light was given. This led to the ensuing disasters that we know about.

Now, ten years later, we need to rectify the situation. Dayforce basically seeks to simplify and standardize pay rules.

Ms. Hogan, you expressed your concern that, ten years on, only limited progress has been made in simplifying these rules and that it will ultimately cost more.

Why haven't we learned anything in 10 years?

• (1135)

**Karen Hogan:** That's an excellent question to ask the Treasury Board Secretariat. It reached an agreement with the unions to negotiate the simplification of the pay rules. We've seen some simplification since Phoenix. However, I think that all the parties agree that public servants must be paid accurately and on time. I'll leave it to them to figure out how to accomplish this.

At least we now have a mitigation measure in the form of the Dayforce system's customization. We'll see how that works once Dayforce launches and the first wave of departments make the transition to this new system.

**G rard Deltell:** We also learned that, in 2024 and 2025, 29% of pays were inaccurate. For the Government of Canada workers tuning in, this means that one in three pays, in general, may contain errors. Why does this happen? One in three is a large number.

**Karen Hogan:** Since the transition to the Phoenix system, my office has been auditing the pay system every year during the audit of the Government of Canada's financial statements.

In 2025, we found that the pay of 29% of individuals contained errors. We also found that the source of errors was data entered late or data entry errors in the system. That's why we need to understand that payroll processing is a shared task. Agencies, departments and central agencies are all involved. It isn't just the office.

That's why we need to check the backlog of pay transactions. When all departments and agencies make the transition to the new system, we need to make sure that backlogs and pay errors are completely eliminated. If we make the transition with errors, there will still be errors later on.

I'm also concerned about the fact that the project duration is now three years shorter. I think that the central agencies must manage and mitigate many risks. They need to adapt their plans accordingly.

**G rard Deltell:** For the sake of the people tuning in and the people working in the federal system, including you and everyone with you, should we be more concerned?

**Karen Hogan:** At this time, most of them are paid accurately. My office decided to audit the modernization of the pay system because we want to make sure that we don't end up with the same flaws and errors seen in Phoenix.

We're currently getting involved. We've raised red flags to ensure better risk management. We'll be monitoring the project closely to support the government and to ensure that public servants are paid on time and accurately.

**G rard Deltell:** I have about thirty seconds left. I wanted to talk about another good report that you just tabled. It concerns foreign students.

We can see from all this that a great deal of information is being somewhat overlooked. Is this because, naturally, given the challenges posed by immigration and students, many departments work in silos?

We're also talking about a shared responsibility among the federal government, the provinces and even the universities.

Isn't there a better way to combine this? Wouldn't it be better to stop working in silos?

**Karen Hogan:** You brought up two key points. The provinces and post-secondary institutions should work together more effectively to manage the allocation of study permits.

The Department of Citizenship and Immigration and the Canada Border Services Agency also need to share information more effec-

tively to manage what happens when a permit has expired, when concerns are raised while the permit is valid or when an application is being processed.

I would indeed expect to see better collaboration internally within the federal government, as well as with partners in the provinces and in post-secondary institutions.

• (1140)

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

[*English*]

Next is Ms. Tesser Derksen, please, for five minutes.

**Kristina Tesser Derksen (Milton East—Halton Hills South, Lib.):** Thank you very much, Mr. Chair.

Great job on these reports; thanks so much for your hard work on them.

I'm going to continue talking about pay modernization. There are some indications that departments are on the right track, but you've certainly articulated concerns you have over the shortened timeline, for example, and also balancing priorities of scheduling with pay processes. From your report, I understand that the number of pay transactions older than a year has been reduced by 50% over the last two years, but you've expressed concerns with the pace being adequate enough to address the remaining backlog.

Do you see opportunities to increase pace without sacrificing process integrity?

**Karen Hogan:** That's a tough question, because when you look at it year over year, I think the backlog has gone down. We've given you a great chart in the report to look at. What's concerning is that more than 50% of what remains is more than two years old, and about 16,000 pay transactions are more than six years old. Those will take longer to treat and resolve than something that just came in over the last six months or so. I am concerned that those older ones don't seem to be clearing up. That will take some time. That's why shortening the time frame is a concern.

We did see in the audit where they prioritized the departments that will be in the first wave of adopting Dayforce. That's a good practice. They still have a lot of work to do, however. They still have pay transactions to clear, and to recognize that every single day more will get added. Pay is a very evolving item. If you don't tackle the items quickly, they do become things that sit around and take a really long time. They may be complex. Many of those individuals may no longer work for the public service. It will be really difficult, I think, to resolve some of those older things. It will be a right balance, and it will probably take some resources, but it will be about prioritizing what you treat first.

**Kristina Tesser Derksen:** Okay.

One issue that I believe you identified as having contributed to the inefficiencies and the backlogs in the old system is the quality of data. I understand that the PSPC and TBS departments have taken some steps to improve quality of data and data management. Can you provide us with your evaluation of whether those improvements on data management will be adequate?

**Karen Hogan:** I'm not sure I looked at all of them, but I think I would point to the standardization of processes. You do need to have all of the departments and agencies that are part of this. Pay is not just a black box that gives you your paycheque. It is a whole process from onboarding and any change in your life to your pay. It needs departments and agencies to be involved. That whole HR-to-pay process is important. They've identified about 200 processes that could be standardized. For example, it's what would go in a letter of offer. It's making sure that every letter of offer has the same things that are needed within the pay system so that you're not missing anything. Departments only need to adopt those standardized processes when they shift. I think there's an opportunity to look at the timing of that. Is there merit in maybe starting to standardize things now so that not everyone is rushing?

These are all elements that I would expect are considered now that the decision was made to shorten the timeline to transition. We're so early on that we could at least say that these are concerns and make sure you think about them as you move forward.

**Kristina Tesser Derksen:** You touched on something important there, about one hand talking to the other within departments. That's a concept that's come up a few times today, about the siloing and isolation that some departments work within.

Based on the necessity of integration between the central agencies and departments and the siloing of estimated costs—sometimes in the federal government it just works that way, for better or worse—would you say that this is a result of a systemic culture or a culture of systems? Have you seen any programs that have successfully un-siloed and taken a broader canvassing of potential costs and impacts?

**Karen Hogan:** You're going to make Andrew and me think about that—if we've seen something that has successfully un-siloed.

I think this is definitely an opportunity to try to do differently, which is why some of our recommendations have been to think about this more globally. I would encourage every public servant, when they work on a project, not to think about their department or their deputy head who they are accountable to for their budget, but to take a look as a Canadian. A Canadian looks at the federal government and just sees one organization, not the many little silos in which we function. If we started to think that way, then maybe we would plan differently and cost differently. That's why some of the recommendations we issued were meant to challenge the old way of thinking so that we don't repeat Phoenix.

• (1145)

**The Chair:** That is your time, I'm afraid.

[*Translation*]

Mr. Lemire now has the floor for two and a half minutes.

**Sébastien Lemire:** Thank you, Mr. Chair.

Ms. Hogan, I'd like to understand the federal government's IT service trends.

An article published in La Presse this week talked about Cúram. I'll read you a quote that goes like this: "As for future costs—for five or six years from now, when the program is completed—I don't have precise figures." That comment was made by a senior official from Employment and Social Development Canada during a requested technical briefing.

Take, for example, the ArriveCAN program, under which a so-called indigenous company with four employees was awarded contracts worth \$330 million. Let's be clear: There was abuse in the way things were done.

Let me get back to Cúram. The initial assessment by government officials was unreliable, and the government has acknowledged that. In other words, the government knew it. It knows that IT projects always run over budget. Ottawa admits this, and it doesn't know how much Cúram will cost. From the outset, cost estimates for IT projects are unreliable, and it lacks the capacity to estimate them accurately. Do you sense a recurring pattern with regard to IT projects in general?

As a result, is it safe to assume that Dayforce might cost well over the \$4.2 billion presented today?

**Karen Hogan:** You're reminding me of several of our audits—not just audits of IT projects—where we've identified significant shortcomings in preliminary cost estimates. It's clear that there are also shortcomings when it comes to IT projects.

I'd like to raise a few points.

Sometimes, preliminary cost estimates are put together very quickly in order to secure funding and then be able to better determine the costs. However, as we saw with Dayforce, significant costs are left out. I would therefore expect to see adjustments. Other times, there is a lack of recognition of the complexity of what is required of a technological tool. Furthermore, requirements often change over time. In fact, ArriveCAN is a good example: During the pandemic, border measures changed frequently.

That said, these are all factors that contribute to the complexity. Nevertheless, it's still important to consider the overall picture from the start. This is a shortcoming we often see in projects in general.

**Sébastien Lemire:** My speaking time is up.

Thank you very much, Ms. Hogan.

**The Chair:** Thank you very much, Mr. Lemire.

[*English*]

Next, I think we're going to split the time.

Mr. Kuruc, would you like to kick it off? I'll notify you when you're halfway through your time.

**Ned Kuruc (Hamilton East—Stoney Creek, CPC):** Thank you, everybody, for attending today. Thank you for your very detailed reports.

I'll be starting on the international student program reforms.

Between 2023 and 2024, we had 153,000 students who were identified as "potentially non-compliant". In your report, you stated that, because of budget issues, only 2,000 were able to be looked at annually, so a total of 4,000-and-change cases were looked at.

To my understanding, then, roughly 149,000 potentially non-compliant cases were not looked at. Is that correct?

**Karen Hogan:** Yes. According to the figures the department gave us, it only had funding to look at a little over 4,000, which means that the others were not investigated.

However, what's concerning to me is that when it did investigate the 4,000, about 40% of them were closed, but they were closed because the students stopped communicating with the immigration department. I would have expected that it would have taken that all the way to the end to determine whether a student was meeting the terms of the permit.

Remember that these are just students being flagged as potentially non-compliant. You need to give them an opportunity to demonstrate that they are studying full time.

• (1150)

**Ned Kuruc:** Okay, thank you.

Your audit examined nearly 550,000 individuals whose study permits expired in 2024. There were 39,500 individuals identified who could no longer be in Canada because they did not have immigration status. Where were these 39,000? How did we get that number?

**Karen Hogan:** This is one of the examples I cited about the immigration department not acting on the information that it had. Study permits have an expiry date, and they were not putting together a list of students who had expired permits to assess what was happening. Our audit team worked with them to determine how many students had expired permits and then to find out whether—

**Ned Kuruc:** Sorry, to make that clear, your team compiled that list, not the immigration department. You found the error, and your team, on top of doing this audit, assisted them in helping to put together this list. Is that correct?

**Karen Hogan:** That's correct. We worked closely with them to go through their database and identify all the students with expired permits. The next step was to assess whether or not they had applied for any other immigration permit, and that's where we ended up with our list of a little over 39,000 students.

We then took that list and asked the Canada Border Services Agency to confirm if individuals had left the country. The result was that about 40% had. Now it's up to the immigration department and border services to decide what to do with the remaining individuals and take action as they deem necessary.

**Ned Kuruc:** Thank you very much.

**The Chair:** Mr. Stevenson, you have the floor for just over two minutes.

**William Stevenson (Yellowhead, CPC):** I believe there's a bit of a romantic feeling towards our RCMP among the general public, but I don't think they necessarily agree with all of our bureaucratic problems that we might have going forward.

At the back of your report, there are a lot of recommendations, and then there are responses from the RCMP. Almost every single one of them says that they agree and they're going to do something in this regard or they're going to try to fix it.

Are their words going to match their actions when they didn't set out these goals?

Didn't you say earlier that when they came up with their goals as to how many people...? We have this massive shortage in recruitment of officers. Their goals were not to fill those positions that we figured they need but to recruit the number they could train.

**Karen Hogan:** There are two parts to your question, and the first is about recommendations. I believe that a response to a recommendation should have a statement of agreement or disagreement, a clear timeline and some clear actions.

The RCMP could have given us better responses. This is where I encourage the public accounts committee to invite them to study our report and give you a detailed action plan. That would be my recommendation on the responses.

When it comes to identifying their needs, they set a target to recruit 1,280 police officers based on the number they believed they could train with the funding they had and the ability they had. That number is well short of what they need, so they're not even aiming to recruit to meet their needs.

**William Stevenson:** Can I get a little more detail on that and how they came up with that number? In the report, it says it costs \$247,000 to recruit and train an RCMP officer, but we had a discussion earlier about how there are fixed costs and there's a per-member cost.

When they're doing these calculations, it would be much more efficient if they had their full training targets, because then the per-recruit costs would probably go down. Is that not correct?

**Karen Hogan:** Absolutely. The per-recruit costs would go down if they could fill up the training classes and then graduate more cadets.

They determined the 1,280 based on what they have as capacity at Depot and how many they could put through there. You already have a trainer and you have a classroom, so if you fill it up—

• (1155)

**William Stevenson:** They said that their maximum per year that they could probably do is 1,600, but they have significantly fewer than that. You said in your earlier—

**The Chair:** Mr. Stevenson, your time is up. You can ask a very quick question if you want.

**William Stevenson:** I was just going to ask about the bottleneck in the application process. That needs to be improved the most.

**Karen Hogan:** In my mind, the bottleneck starts, for sure, with the fact that it takes 330 days, on average, to process an application. If you tackle that, you'll improve that, but, eventually, you'll need capacity to train.

**The Chair:** Thank you.

Lastly, Mr. McKinnon, you have the floor for five minutes.

**Ron McKinnon (Coquitlam—Port Coquitlam, Lib.):** Thank you all for being here. Thank you for your diligent work on all these files, all of you.

I'm going to go back to bottlenecks, but I'm going to the pay system again. Progress to simplify and standardize payroll and processes has been limited. Is there any particular impediment to making progress in this area?

**Karen Hogan:** I think it's in everyone's best interest to make sure public servants are paid on time and accurately. How the government goes about doing that, to simplify payrolls, is up to them. Right now, it is trying to work with the unions to negotiate and figure that out.

There was one element that was worked on, and they're still working on other simplifications. A memorandum of understanding was signed between Treasury Board and the unions so that this can even be done between collective bargaining. I think everyone's goal is to just try to avoid many pay errors once we move to the new system.

I think it's definitely a great question for Treasury Board. I can't tell you why it's slowed down, but they have made limited change, and, as a result, customization is needed, which comes with an annual cost.

**Ron McKinnon:** If I understand, you're not saying that it's a lack of resources on the government side. It's more about negotiations with the unions and....

**Karen Hogan:** I have to admit, I don't know why they haven't made progress. I don't typically talk about what the central agencies and unions discuss. I can just give you the facts that they wanted to simplify payrolls, and there have been very few done. As a result, a mitigation strategy is in place, which is customizing Dayforce to compensate for those.

**Ron McKinnon:** Is there any particular department that is more problematic than others?

**Karen Hogan:** Do you mean in terms of the complexity of payrolls?

**Ron McKinnon:** Well, in making some progress on....

**Karen Hogan:** Again, I have no clue. I think that would be a question for the Treasury Board Secretariat as to what they have been trying to simplify, but I think they're looking at bigger, broader things, such as how acting pay is handled across the public service. That's not unique to one department. That is something that is bigger and broader across the public service. Finding out what their priorities would be and what they're trying to focus in on first would be a great way to know whether or not there has been a particular department that's slowing this down.

**Ron McKinnon:** From what I understand, this is going to be critical in going forward with the Dayforce system. Perhaps you can sketch the timeline of how that system is developing and where it is.

**Karen Hogan:** I'm not usually one to guess. What I can tell you is what the government's put out as its timeline. The government had a plan to transition all of the departments by 2034. It shortened that by three years in January of this year, so now the government wants to do it by 2031. The first three departments are expected to transition in 2027.

What we're seeing that is different here, from Phoenix, is that there is a small wave at the beginning and, then, I would expect to see some adjustments made. That's why it's important to have a lot of vigilance around monitoring the existing risks that they know and that we have flagged in this audit, but then also emerging risks, which may come because of reductions, because of the comprehensive expenditure review or because of early retirement. All of those will add to pay transactions and complexity, and they need to be factored into timelines as you move forward.

**Ron McKinnon:** I understand the transition is not going to be done in one fell swoop, but it's going to be gradual, a few departments at a time.

**Karen Hogan:** That's definitely different from what we saw back in 2016.

**Ron McKinnon:** These changes to payrolls and such could be done as they transition into the new system on a department-by-department basis.

• (1200)

**Karen Hogan:** I think it's a little more complex than that because of how the collective agreements work. It isn't as simple as just simplifying a payroll and then fixing it. It will be about when all the collective agreements get renewed and how it gets impacted. Simplification is not simple, unfortunately, with payrolls.

**Ron McKinnon:** A lot of this complexity in the payrolls and processes is wrapped up in agreements with unions and so forth.

**Karen Hogan:** Well, the complexity is in some of the collective agreements around payrolls, but the complexity of the processes is well within the government's control. Dayforce is also replacing about 30 HR management systems. This is one government, and across 49 departments there are 30 different HR management systems. Standardizing that will help as well.

I think there are really two ways of going about making HR-to-pay simpler. It's not just payrolls. It's also about all the processes within the federal public service.

**Ron McKinnon:** Since the processes are within the purview of the government and it's not a matter of negotiation, is there any particular bottleneck there that we can talk about?

**Karen Hogan:** I'm not sure about a bottleneck. I think it was a decision made on timing. The government had identified about 250 HR-to-pay processes they wanted to standardize across the public service. They've made progress on almost 200 of those, but no department is expected to adopt these new standardized processes until they migrate over to Dayforce. Again, that might be something they want to think about with regard to whether there's merit in doing that earlier.

It just shows you how complex it is and how it's really a shared responsibility between departments and agencies as well as the central agencies that manage the actual pay system to make sure that employees are paid accurately and on time.

**Ron McKinnon:** Are we getting there?

**Karen Hogan:** Well, we're on the right path right now, but there are still many public servants who have been underpaid or overpaid and need corrections to their pay. Clearing up that backlog, especially the older ones, is critical.

**Ron McKinnon:** Thank you.

**The Chair:** This brings us to the end of our first hour.

To all the witnesses from the Office of the Auditor General, thank you for your testimony and participation in relation to the 2026 spring reports of the Auditor General of Canada. We'll see you back for additional studies in the coming weeks and months.

I'll suspend briefly to bring in our next panel. We'll reconvene in about five minutes.

Again, thank you very much. You are excused.

• (1200) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1210)

**The Chair:** Welcome back, everyone.

[*Translation*]

Pursuant to the referral order from Monday, February 9, the committee resumes consideration of Bill C-230, an act to amend the Financial Administration Act and other acts in consequence (waiver of claims register).

[*English*]

We have officials here today to answer any questions members might have during clause-by-clause consideration.

First, from the Canada Revenue Agency, we have Isabelle Brault, director general, legislative policy directorate, legislative policy and regulatory affairs branch. We have Jennifer Boudens, acting director general, finance and administration branch. We have Charly Norris, acting director general, collections and verification branch.

From the Treasury Board Secretariat, we have Tomasz Popiel, senior director, financial management policy, and Ralphe Jabbour, director, financial management policy.

From the Department of Finance, we have Lauchlin MacEachern—that's a very Maritimes name—acting director general, legislation, tax policy branch.

Welcome, and thank you for coming in today and lending us your views and expertise if they are called upon.

I'd like to provide members of the committee with a few comments on how committees proceed with the clause-by-clause consideration of a bill.

As the name indicates, this is an examination of all the clauses in the order in which they appear in the bill. I will call each clause successively, and each clause is subject to debate and a vote. If there are any amendments to the clause in question, I will recognize the member proposing it, who may explain it. I think that should be "will explain it," because I'm sure every member will be speaking to them to enlighten the other members.

The amendment, of course, will be open for debate. When no further members wish to intervene, the amendment will be voted on. Amendments will be considered in the order in which they appear in the package each member received from the clerk.

Since this is a first exercise for many new members, I'll go slowly to allow all members to follow the proceedings properly. If we get it done today, great. If not, I have scheduled time after the Easter recess.

Each amendment has been given a number in the top right corner on each page to indicate which party submitted it. During debate on an amendment, members are permitted to move subamendments. When a subamendment is moved, it is voted on first. Then, another subamendment may be moved, or the committee may consider the main amendment and vote on it.

I thank the members for their attention and wish everyone a productive clause-by-clause consideration of Bill C-230.

(On clause 1)

**The Chair:** I am first going to call clause 1. The terminology is a little different here from when we look at reports.

G-1 is the first amendment, and I believe Mr. Turnbull will be moving that and may speak to it.

• (1215)

**Ryan Turnbull (Whitby, Lib.):** Thank you, Chair.

It's good to be here with my colleagues.

Congratulations to Mr. Chambers on a private member's bill that I think will make a contribution to transparency in Canada. I think, with some amendments that the government has proposed, we're prepared to reasonably debate them and support the bill. I want to start by just giving kudos. It's a big deal when you have a private member's bill; you propose something and you get the parties working together. It's really what this place is supposed to be about. It's really great to see Mr. Chambers making a contribution.

I move amendment G-1, which is that Bill C-230, in clause 1, be amended (a) by replacing line 8 on page 1 with the following:

online, searchable database containing information relating to

Then, (b) by replacing line 10 on page 1 with the following:

pany or partnership to His Majesty — and to any claim by

I assume “pany” is the tail end of “company”.

Then, (c) by replacing lines 12 to 18 on page 1 with the following:

partnership — that was, in whole or in part, remitted, forgiven, written off or waived, under this or any other Act of Parliament, in an amount of \$5,000,000 or more.

I think Mr. Chambers' original intent was to set the threshold at \$1 million. The government has thought about this and feels, I think, strongly that a \$5-million threshold would align with the principle of materiality, which is to reduce administrative burden and focus on what matters. These are higher profile deletions than just \$1 million.

It makes sure that SMEs don't get caught up in this. An SME that earns \$2 million a year, doesn't file their taxes, gets behind on things and, perhaps, goes out of business, is not necessarily the target for this. Obviously, we can debate that.

I think a \$5-million threshold would also align with best practices in the G7 and the OECD peers. Again, it would potentially reduce risk of small to medium-sized enterprises getting captured in the registry.

For those reasons, we're suggesting raising the threshold to \$5 million, and we hope that we'll get the support of all members on the committee.

**The Chair:** Thank you.

There is a clerical note that is important.

[*Translation*]

This applies to you too, Mr. Lemire.

[*English*]

I want to be very clear on this. If G-1 is adopted, the next amendment, BQ-1, cannot be moved due to a line conflict.

As *House of Commons Procedure and Practice*, fourth edition, states in section 16.71:

Once a line of a clause has been amended by the committee, it cannot be further amended by a subsequent amendment as a given line may be amended only once.

There are two amendments that this could impact right off the bat. I just want to make sure everyone is clear on that; it might determine how you vote. If this amendment is passed by the committee, we will then not deal with BQ-1.

The debate is now open. Are there any speakers to Mr. Turnbull's G-1?

Go ahead, Mr. Chambers.

• (1220)

**Adam Chambers (Simcoe North, CPC):** Thank you, Mr. Chair. I appreciate the perspective as well. I think this is a first for the committee, so I appreciate your going slowly.

I welcome the suggestions from the government, of course, but just to give some additional context, the \$1-million threshold was

intended to be easy to communicate. That was number one. Number two was to not produce a list that was thousands of names long, but in the low hundreds.

In an effort to be reasonable, I think there's probably a middle ground, I'll call it, at a threshold of \$2 million. I looked at previous years, and that list could be anywhere from about 100 to 150 names long, as I understand it. To me, that's not an unreasonable number of entities. While I still think there are arguments to lower the threshold, I recognize that there is materiality.

However, at the end of the day, if an entity, no matter whether they're large or small, does trigger the threshold, I think it's an important measure of public transparency for this information to be known to taxpayers and effectively also to parliamentarians, so while I would strongly prefer to keep a \$1-million threshold, I do think that in an effort to be collaborative with the government and to understand where they're coming from, I'd be open to considering something slightly less than \$5 million.

**The Chair:** Mr. Chambers, are you moving a subamendment with a figure in mind or—

**Adam Chambers:** I'm not sure I'm allowed to do that.

**The Chair:** All right. Then I'll leave it to one of your colleagues.

Go ahead, Ms. Kusie.

**Stephanie Kusie:** I will move the subamendment to make it \$2 million. Thank you.

**The Chair:** All right. We're now debating the subamendment to set the threshold at \$2 million for the disclosure.

[*Translation*]

Mr. Lemire, the floor is yours.

**Sébastien Lemire:** Thank you, Mr. Chair.

I would have liked to keep that amount at \$1 million. However, I understand the spirit of compromise, so I'll support the amendment.

[*English*]

**The Chair:** All right.

Go ahead, Mr. Turnbull.

**Ryan Turnbull:** I appreciate the attempt to find a middle ground, as Mr. Chambers said, and although we preferred a \$5-million threshold, I think the number of companies or partnerships or trusts that would be disclosed, as Mr. Chambers has indicated, is reasonable, so I think we're prepared to support the subamendment.

**The Chair:** I'm hearing agreement. Is it agreed that the subamendment at the \$2-million threshold is passed and approved?

**Some hon. members:** Agreed.

(Subamendment agreed to)

**The Chair:** Now we're back to G-1 as amended, at the \$2-million threshold.

(Amendment as amended agreed to [*See Minutes of Proceedings*])

**The Chair:** Now we're turning to G-2.

Mr. Turnbull, I'll recognize you again.

**Ryan Turnbull:** Thank you, Chair.

Do I understand correctly that BQ-1 had a line conflict, so it was not admissible?

Okay. Thank you very much.

I will move the following amendment. It's G-2 in your package.

The amendment is that Bill C-230, in clause 1, be amended by replacing line 22 on page 1 to line 7 on page 2 with the following:

- poration, trust company or partnership;
- (b) the amount that was remitted, forgiven, written off or waived;
- (c) an indication of whether the debt, obligation or claim was remitted, forgiven, written off or waived;
- (d) the fiscal year in which the debt obligation or claim was remitted, forgiven, written off or waived;
- (e) the Act of Parliament or agreement, arrangement, contract or other instrument or act under which the debt, obligation or claim arose;
- (f) the Act of Parliament under which the debt, obligation or claim was remitted, forgiven, written off or waived; and
- (g) any other information that the President of the Treasury Board considers appropriate.

• (1225)

If I may, I'll just motivate this a little bit with some supporting arguments.

I think this adds more information to the proposed registry. It increases transparency. I think it reduces the risk of misinterpretation. It adds clarity.

I'm always conscious of what we disclose to the public and how they may interpret it. In this case, I think including the amount; an indication of whether the debt, obligation or claim was remitted, forgiven, written off or waived; the fiscal year in which it was written off, forgiven or waived; the act of Parliament under which the claim arose; and so on and so forth actually adds significant clarity to the information that we're opening up to the public.

For those reasons, I hope that members will support the amendment.

**The Chair:** Thank you.

Ms. Tesser Derksen, would you like the floor?

**Kristina Tesser Derksen:** Thank you very much, Mr. Chair.

Thanks to my colleague for the proposed amendment.

I have a question—and this may be going to our guests who are here today—about how the registry will actually appear.

If someone is searching for information that is covered under privacy regulations, would it be redacted? Would it not appear? I'm

curious as to how this is actually going to look to someone who's accessing the registry.

**Tomasz Popiel (Senior Director, Financial Management Policy, Treasury Board Secretariat):** We are still waiting for the full text of the bill to be completed. From there, we can start to investigate how we would implement the registry. At this time, we don't have concrete plans for how the registry would be implemented, but we understand from the text of the bill that it would have certain requirements. Those might include searchability, for example, and we would ensure that this is put in place.

I think you understand that we have to work with multiple departments to gather the information. The Treasury Board Secretariat would be the central house to have the database and the searchability tools, but we would then gather the information from departments across the government and ensure that it meets the requirements of the legislation.

**Kristina Tesser Derksen:** Thank you.

It becomes a question just because the whole issue around redacted text seems to be at the forefront of a lot of people's minds right now due to what's going on south of the border. Obviously, it's a very different situation here. I highlight what type of message it sends in a higher-level way when there's material text that's redacted versus text that is just not there and there's no indication that something has been redacted.

**The Chair:** Could you just enlighten us, Ms. Tessa Derksen, in terms of the related debate south of the border?

**Kristina Tesser Derksen:** I was referring to the Epstein files and all of the redactions.

**The Chair:** Okay.

Mr. Turnbull, I understand you have your hand up.

**Ryan Turnbull:** I was just going to make two other quick points.

I understand that these changes would also help align the new registry with broader public accounting practices and remove a misalignment between the registry and part II of the Financial Administration Act.

Mr. Popiel, could you clarify that for us?

**Tomasz Popiel:** Right now, what you have available in the Public Accounts, volume III, is aggregate information about all debt deletions. What this amendment proposes to include is all types of debt. In the previous version of the bill, remissions, for example, were not included. The proposal would ensure that all types of debt are included, which matches the same kind of reporting that you see in volume III of the Public Accounts.

• (1230)

**Ryan Turnbull:** Thank you very much.

**The Chair:** All right. Shall G-2 be passed by this committee?

(Amendment agreed to)

**The Chair:** Up next is G-3. I'm going back to Mr. Turnbull, please.

**Ryan Turnbull:** Thank you, Chair. I'll move this amendment as well.

It is that Bill C-230, in clause 1, be amended by adding after line 7 on page 2 the following:

Exception

(3) Despite subsection (2), the President of the Treasury Board may exclude from the registry any information that, in their opinion, would be inappropriate to make publicly accessible for reasons related to the protection of confidential, personal or sensitive information.

Establishment of registry

(4) The registry must be established within 18 months after the day on which this section comes into force and, on the day that it is established, must include information relating to each debt, obligation or claim referred to in subsection (1) that was remitted, forgiven, written off or waived—after the day on which this section comes into force—during the fiscal year to which the Public Accounts most recently tabled in the House of Commons relate.

Maintenance of registry

(5) Within 90 days after the day on which the Public Accounts are tabled in the House of Commons, the President of the Treasury Board must update the registry to include information relating to each debt, obligation or claim referred to in subsection (1) that was remitted, forgiven, written off or waived during the fiscal year to which the tabled Public Accounts relate.

For greater certainty

(6) For greater certainty, for the purposes of this section, a debt or obligation owed to a Crown corporation is not a debt or obligation owed to His Majesty and a claim by a Crown corporation is not a claim by His Majesty.

Maybe I'll just make a couple of points.

I know Mr. Lemire and the Bloc had an amendment and some concerns when it came to confidentiality and privacy. I think the government shares some of those concerns, and this is our remedy.

What we've done is asked to not include Crown corporations and to be completely clear that they don't owe debts to the Crown and therefore would not be included. The amendments also are designed to reduce any legal privacy or commercial risks associated with the creation of the public registry from an infringement of privacy and confidentiality.

Amendments related to prospective applications are designed to ensure the registry deals only with debts deleted after the coming into force of the provision. Amendments related to timing and frequency establish a timeline for implementation and auditing.

Those are some of the reasons we think this is the right way forward, notwithstanding some concerns that Mr. Chambers expressed to me. I can assure him that the President of the Treasury Board would not, without good reason, redact or withhold information from the registry. It's only to protect confidential, personal and sensitive information, such as when a partner is named in a partnership, that the information could be disclosed through naming the company.

I can think of some good reasons that some information would need to be withheld from time to time from this registry, but only insofar as we need to protect individual citizens and their confidentiality, and they have that right. We all take seriously the responsibility that sensitive information, personal information, should not be disclosed through a public registry, because those individuals could then be targeted. I wouldn't want to see people targeted unnecessarily, or harmed or put in harm's way by something that is a

very good initiative to increase transparency when it comes to deleted, waived or written-off debts or obligations.

Thanks very much. I hope we'll have your support.

• (1235)

**The Chair:** Ms. Tesser Derksen.

**Kristina Tesser Derksen:** Thanks very much, Mr. Chair.

I just want to point out that we did receive a letter from the Privacy Commissioner that expressed no major concerns, but there was a minor concern with respect to a point of uncertainty in proposed paragraph 25.1(2)(e), which talks about including in the registry “any other information that the President of the Treasury Board may require.”

The Privacy Commissioner expressed some concern about not having enough information or context about what information could be requested pursuant to that paragraph. I'm wondering if anyone here could comment on that and how far that request, or the nature of the information requested, could extend.

**The Chair:** Mr. Popiel, you have the floor first.

**Tomasz Popiel:** Thank you.

Including a provision that allows the President of the Treasury Board to add other information gives the government flexibility to adapt the registry over time as needs evolve, without requiring new legislative changes, while ensuring the minimal amount of transparency is there through the requirements that are built into the legislation.

The Privacy Act permits disclosure of personal information if it is required by law, so if the disclosure is in accordance with the legal obligations of the FAA, it is permitted.

**The Chair:** Are you satisfied?

Thank you very much.

[*Translation*]

Mr. Lemire, the floor is yours.

**Sébastien Lemire:** Thank you, Mr. Chair.

The President of the Treasury Board is, by necessity, also a political actor. That said, I still have some reservations regarding confidentiality, because the proposed provision is very broad. I am still considering whether to include it. The Privacy Commissioner does not see that many problems with the bill.

In my view, there is an interesting issue here. If I put myself in the taxpayer's shoes, I can see that the aim is to prevent large companies from benefiting from debt forgiveness. We've all been struck by the cases of Chrysler and General Motors.

I'm not sure whether my question is directed more at the motion's sponsor or at the witnesses. In the case we've experienced, could the disclosure of the names of Chrysler and General Motors have been avoided on grounds of confidentiality if the President of the Treasury Board had seen a competitive advantage, if it were part of a strategic contract, or if certain elements could have been politically damaging to the government? I don't want to go through what we saw with the Stellantis, Volkswagen and Honda contracts. These are examples of situations where the government didn't want to disclose the contracts for reasons that seem obvious to me.

In such a case, might the government want to cover up elements that are politically disadvantageous because the contract did not deliver the expected benefits, thereby avoiding accountability to the public? I have reservations about that. Could the Chrysler and General Motors cases have been made public if this amendment had been adopted earlier?

**The Chair:** Who are you asking?

**Sébastien Lemire:** The person making the amendment, but maybe also the experts.

[English]

**Ryan Turnbull:** It's a good question.

What's hard for me to determine, off the top, is exactly what is required in terms of the naming in the registry. The language in the amendment suggests, to me, that it wouldn't be an arbitrary decision. There are definitions of what is confidential, personal and sensitive information, but I'd like to ask the officials to perhaps clarify whether my interpretation is correct here.

I hear what you're saying. You're basically asking how we protect against whatever political party happens to be in power from appointing a president of the Treasury Board who withholds information from this registry. It's a good question.

Could the officials speak to it? I'm not sure who's most appropriate, but I'll let you take the question. Is it possible that the President of the Treasury Board could make an arbitrary decision to exclude information here, based on definitions that are embedded in law already that would indicate what counts as protection of confidential, personal and sensitive information?

• (1240)

**Tomasz Popiel:** I can add that the exception is discretionary and targeted, not a blanket exception.

You used the word "arbitrary". I wouldn't say that it can be arbitrarily used. For example, there might be situations involving national security as well in which names would have to be withheld.

I would add that the exception applies only when publication would be inappropriate—that's the scope in the bill—due to confidentiality or personal or sensitive information, and the default remains disclosure.

It is not possible to anticipate every sensitive scenario in legislation. This exception provides for cases that cannot be exhaustively defined in legislation and provides some ability to not disclose sensitive information. The authority would rest with the President of the Treasury Board. This would ensure that there is a clearly ac-

countable individual available for any decision made, while allowing for consistent application across government. Of course, the decision remains subject to parliamentary and public scrutiny.

I would further add that we do have the full disclosure of information through the public accounts. It is at an aggregate level, but that further second set of information in aggregate is available as well.

**Ryan Turnbull:** I take a little bit of solace in the answer that the default is disclosure, but how do you define what is "inappropriate" and how do you define what is considered "confidential, personal or sensitive information"? Do those have strict definitions?

It sounds like "inappropriate" is a little bit more discretionary, but I assume in legislation.... I'm almost positive that I know this, but I don't know from where, so I hesitate to say anything untrue here. I'm sure there are definitions embedded in federal statute that include "confidential, personal and sensitive information". Is that not correct?

**Tomasz Popiel:** With apologies, I don't know enough of the legal basis of that.

**Ryan Turnbull:** Chair, could we ask the legislative clerk if we can clarify that? I think it would go some length to help comfort Mr. Lemire.

**The Chair:** The legislative clerks are not here to speak on the contents of the bill, I'm afraid; they're here to guide us. It is up to the distinguished members of this committee and to officials to propose ideas, solutions and outcomes.

**Ryan Turnbull:** Okay.

I know that we have legislation that protects private information in Canada. I worked on it when I was a parliamentary secretary to the minister for industry. We tried to update it; unfortunately, we weren't able to do that to the degree that we would have liked.

The point is that I know that there are definitions of private information and confidential information embedded in that act, which is PIPEDA for short.

I would suggest that it's very clear to me and common sense and well known here that there are some pretty rigorous definitions of what those terms mean that protect against arbitrarily using this to just redact or withhold all kinds of information from the registry.

**The Chair:** I'll look to Mr. Chambers for comments on this, please.

**Adam Chambers:** Thank you.

Perhaps a couple of questions would be helpful in order to form an opinion.

The sole basis for holding some information off the registry could not be solely the Income Tax Act, because we are amending section 241 of the Income Tax Act to make it permissible to disclose information. Do I understand that correctly?

I do. Okay, thank you.

It's because a letter from the Privacy Commissioner was brought up. I'll summarize it to some degree. After the review, the quote says, "...my Office is therefore of the view that potential impacts to privacy, if any at all, would be minor."

I read that to mean that if there is a proposal or a desire to withhold some information, the reason to do so would have to be over and above the fact that there would be private information disclosed. Is that a fair assessment?

When we reviewed the bill, for example, we talked about how every corporation has a registry, whether it's federally registered or provincially registered, and that you could uncover the directors and in some cases the shareholders of those corporations by just searching the corporate name. Therefore, publishing a corporate name in the registry, on its face, is not a violation of privacy.

I just want to make sure that I'm understanding that correctly.

● (1245)

**Tomasz Popiel:** That's correct.

**Adam Chambers:** Okay. That is very helpful.

If there is a redaction made, would other information appear on the registry? Would the information proposed to be redacted be redacted, or would there be no entry at all? Would there be a line item that is blank on the name, but the amount and the act under which the debt was waived, forgiven, remitted or written off would appear?

**Tomasz Popiel:** The way it's written right now, "the President of the Treasury Board may exclude from the registry any information that, in their opinion, would be inappropriate to make publicly accessible". It could be in part or in whole.

**Adam Chambers:** I guess the question would be how you would envision parliamentarians or the public knowing that a redaction has been made.

**Tomasz Popiel:** The only thing I can add is that further information is available in the Public Accounts, volume III, in aggregate, or it could be...the decision-maker is available for parliamentary scrutiny as well.

**Adam Chambers:** In theory, to the best of your knowledge, a parliamentary committee could still compel that information even if a redaction has been made. Is that correct?

**Tomasz Popiel:** With apologies, I'm not an expert on that.

**Adam Chambers:** Does the chair have a view on that? If a parliamentary committee requested that information about a redaction be made public, it would be in the committee's right to do.

**The Chair:** Absolutely, yes. We can call for any information. We just have to know about it.

**Adam Chambers:** I guess the final question would be that if a decision is made to redact, would the reasons for that redaction be made available—or could the reasons be made available—to parliamentarians, and what would be the mechanism to make that information available?

**Tomasz Popiel:** Right now, there's nothing specifically written in on that.

**The Chair:** Mr. Chambers, let me clarify. It's a long precedent. We've had the law clerk in here on several occasions to remind and inform committee members, as well as parliamentarians, of the unfettered right that committee parliamentarians have, through the committee, to call for any documents from the Government of Canada.

We've had some debates on that. This committee has managed to come to consensus around it, either in public or in camera, but of course committees do have that unfettered right to do so, and that would remain. The challenge, of course, would be knowing what to ask.

I take the point that's being raised, as I suppose you could deduce from the Public Accounts, volume III, the gross amount with whatever was redacted or made public and determine if there is a large number that's unaccounted for. It obviously would be better to have a line that at least indicated that there was an amount that was publicly available, without a name, just to give us a sense of what was going on behind the scene.

**Adam Chambers:** If I may, I believe that it is reasonable to request some discretion on disclosure, for a whole bunch of different reasons, and I don't think we need to envision all of them today.

If there were some acknowledgement—and I don't enjoy and I don't think we should try drafting this on the fly—or an ability for the government to indicate the number of entities that meet the threshold, which in theory is available today through Order Paper questions, etc., so that there would be an ability for parliamentarians to understand how many redactions have been made from the registry, right...? If we agree that we can get the number of entities that are meeting the threshold and we have the registry, then in theory someone can figure out whether there's been a redaction. If we can get some agreement that the information is readily available, I'm open to providing some discretion, but that we underscore that the default is to disclose, which I think we've heard, which is good.

I'm open to suggestions on that from my colleagues or the government. I just think it would be important for parliamentarians to know when a redaction is made, which would then provide the ability to hold that decision-maker accountable. I don't know if that needs to be written in legislation, but some agreement would be helpful on that front.

● (1250)

**The Chair:** Thank you.

Mr. Lemire has indicated that he'd like the floor.

[*Translation*]

Mr. Lemire, you have the floor.

**Sébastien Lemire:** In that same vein, there are indeed some things that concern me. If a name is excluded from the registry, will it be redacted, struck out, or simply removed? We have absolutely no idea. We don't even know when a name is removed.

I propose that we still allow people to see that a name has been redacted, and to see the reason why it was redacted.

I'm comfortable with the confidential, personal or sensitive nature of the information being considered a valid reason. In this context, national security was cited as the reason in the cases of Stelantis, Honda and Volkswagen. We must ensure that we do not simply remove the name and shift the columns, effectively making it appear as though this claim never existed.

Is there a way to make sure that the name isn't removed, but rather redacted with justification?

[English]

**The Chair:** We'll go to Mr. Turnbull please.

**Ryan Turnbull:** I was going to make a comment. I don't know if I have an answer to that.

This is similar to the point Mr. Lemire just made. I assumed, when reading this bill and the amendments we were proposing, that there would be very few cases in this registry with no information provided at all. You heard the officials say it could be in part or in whole, so I guess that raises the concern.

In my mind, if there were to be information disclosed, then there would be a line item in the registry. I could envision the name, but maybe the name is occasionally redacted for a good reason. I don't know. I think that the name is probably the least likely.... Maybe I'm wrong on that, so I'll just leave that for a moment.

The point is that you have a line item, no matter what, with disclosed information, and anything missing has obviously been redacted. If there is an empty line item, it would imply that there was a redaction of a whole line in the registry. That would give you some clarity on how much has been redacted and where, specifically. It answers the question. It's not like a blackout redaction, but I think it's the same thing. It would be an empty field in the registry itself.

I'm wondering if that is implied by the legislation and the proposed amendments we're discussing.

It's hard for me to determine that without asking the officials here.

Is that your understanding? If a name happens not to be disclosed for sensitive reasons, or if personal or confidential information is withheld from the registry, I assume that there would still be an entry. The amount would be there, and other required information that we've added here would be disclosed. You would have only a line item without a name.

I'm sure we can envision other cases where the name may be included but other information may not be disclosed.

• (1255)

**Isabelle Brault (Director General, Legislative Policy Directorate, Legislative Policy and Regulatory Affairs Branch, Canada Revenue Agency):** It's admissible for the CRA. Although I'm only authorized to speak to the powers of the Minister of National Revenue, perhaps I have a few general comments.

The parliamentary debates and the discussions at committees can be used to determine the intent and the scope of legislative provisions to be applied. That is one tool. However, I suppose that

greater clarity in the text could also be deemed as preferable by this committee.

**Ryan Turnbull:** If I may, that was the intent I read into this. We could clarify it here in committee, which would inform CRA's practices in the future. Is that right?

I don't know if Mr. Chambers and Mr. Lemire think what I have proposed is satisfactory, but I would be agreeable to that.

**The Chair:** Mr. Chambers.

**Adam Chambers:** I'm not moving a subamendment.

This is regarding proposed subsection (3) where it says:

Despite subsection (2), the President of the Treasury Board may exclude from the registry any information

To me, "exclude" is like "delete". As Mr. Lemire mentioned, if the word "exclude" was "redact", that implies to me that information is still in the registry. It is blacked out, but there is, in theory, an entry. That probably gets you what you're looking for.

This is for the officials. If the word "exclude" became "redact", would it effectively mean being blacked out on a screen versus being unsure of whether there was an entry there at all?

**Isabelle Brault:** We do not have expertise as legislative drafters. If there's ambiguity, the committee might find it more prudent to specify it in those words. We've gone to the extent of our expertise on this for what we're at liberty to share at this moment.

**Ryan Turnbull:** What I was proposing, I think, amounts to the same thing. Maybe you disagree, but this is a table with columns of information that are labelled. If there is an input field under one of the criteria in one of the columns, it's empty. That means there's been a redaction, because all the information is required to be disclosed by default. Essentially, as long as we clarify that all of the missing information has to be identifiable.... I think that's the issue here. We want anything that's been redacted or not disclosed to be identifiable.

You're suggesting, Mr. Chair, that perhaps it say "redacted" in that input field, but I am saying that if it's empty, then it has actually been redacted. The only exception to that could be in cases where they don't have the information, but I think that's going to be almost impossible, given the limited scope of this.

Perhaps in our proceedings today we can give direction to the CRA that we all agree unanimously that all input fields have to be included and that information not provided means there was a redaction. Then I think we're good. That would be my humble suggestion. Again, I realize it's the will of the committee, Mr. Chair.

• (1300)

**The Chair:** I agree.

As you know, I can't make amendments or subamendments. I'm just throwing out a few ideas, so it'll be up to the committee to accept and move on.

[*Translation*]

Mr. Lemire, the floor is yours.

**Sébastien Lemire:** I obviously have a hard time imagining that the information will actually be presented in a table, and that the row would be left out. If that were the case, I would have no problem leaving traces that would allow people to retrieve the information. Otherwise, I think “redaction” might be the right term to include in the bill, because the form in which the information is made public isn't necessarily specified.

I would add a justification to the proposed amendment, such as the protection of confidential, personal or sensitive information. I think it would be useful to state that information was redacted because the President of the Treasury Board deemed it sensitive. We're not preventing the minister from doing so, but I think it would be appropriate to include the justification.

**The Chair:** Very good.

Mr. Chambers, any comments?

[*English*]

**Adam Chambers:** I appreciate trying to get some clarification. I thank the chair for his helpful suggestion, as well as my colleague from the Bloc, who I think is trying to figure out a way to make this palatable.

From my perspective, I think it's a reasonable suggestion. If that were formally moved as a subamendment, I think that would be welcome.

[*Translation*]

**The Chair:** Mr. Lemire, do you have a subamendment to propose?

**Sébastien Lemire:** As you mentioned, language could be added to exclude from the registry any information, along with a justification.

**The Chair:** Very good.

[*English*]

I see the time. I'm going to bring this meeting to a conclusion. This will give parties an opportunity to discuss this a little bit further. I don't see an impasse here, but by the time we suspend, agree to language and get it translated, we'll be well past our time.

With the committee's permission, I will adjourn this meeting. I'll have parties work on this, and we'll come back and pick this up with Mr. Lemire, likely with a subamendment to the amendment.

Mr. McKinnon.

**Ron McKinnon:** I just want to clarify. When we resume, will we have the subamendment moved?

**The Chair:** We're going to work on that. I see this as a friendly exercise. I'll probably begin the next meeting hearing from Mr. Lemire to see if he has language that the committee can agree on.

Does that sound reasonable?

**Ron McKinnon:** That's fair enough.

**The Chair:** Ms. Kusie.

**Stephanie Kusie:** So—just to clarify—the first order of business at the next meeting will be to continue this exercise.

**The Chair:** I would want to consult on that. I don't know what the officials are like. I had not planned on picking this up until after Easter. However, this is going much more quickly than I thought it would. I would like to get it done.

I'm also talking to the government side on a motion that is outstanding.

Mr. Deltell.

[*Translation*]

**Gérard Deltell:** I just want to remind all my colleagues of what I said at our last meeting two weeks ago. This week, at our next meeting—that is, this Wednesday—we will discuss the motion to invite the Minister of Finance and National Revenue and the mayor of Laval to discuss the situation in Laval.

• (1305)

**The Chair:** There you have it.

[*English*]

Mr. Deltell has put us on notice. That is the issue I was talking to some of the government members about: how we are going to proceed with that.

I have a couple of decisions to make on Wednesday.

Mr. Chambers, I might have you back here on Wednesday to try to resolve this in conjunction with Mr. Deltell.

For now, I'm going to adjourn this meeting and sort this scheduling out with the clerk. You'll be notified as soon as possible.

This meeting is adjourned. Thank you.





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