HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

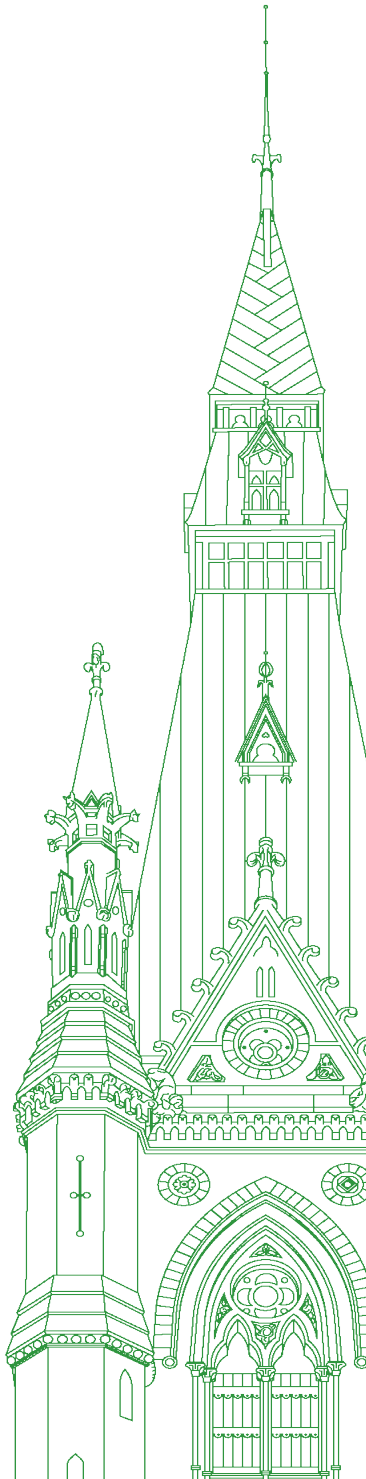
45th PARLIAMENT, 1st SESSION

Standing Committee on Public Accounts

EVIDENCE

NUMBER 054

Thursday, November 5, 2026



Chair: John Williamson

Standing Committee on Public Accounts

Thursday, November 5, 2026

● (1100)

[*Translation*]

The Chair (John Williamson (New Brunswick Southwest, CPC)): Good morning, everyone.

I call the meeting to order.

Welcome to meeting number 54 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 the room or remotely using the Zoom application.

[*Translation*]

Pursuant to Standing Order 108(3)(g), the committee is undertaking the consideration of the Auditor General's report on the activities of the Financial Transactions and Reports Analysis Centre of Canada, or FINTRAC, to combat money laundering. This report was referred to the committee on Thursday, October 29, 2026.

[*English*]

I would like to remind participants of the following points. Please wait until I recognize you by name before you speak. All comments should be addressed through the chair. Of course, that's not as necessary when you're questioning witnesses. I don't mind a little interaction back and forth. It doesn't have to be overly formal.

I would like to remind witnesses, although I believe you all are aware of this, that committee members may ask questions in either English or French. If you need interpretation, please take a moment now to prepare your earpiece and select the listening channel you need in advance in order to take full advantage of the time allotted for questions and answers. If you have any problems, just flag the clerk. She'll be happy to come down and assist with that.

I would like to welcome our witnesses and thank them all for coming in today.

From the Financial Transactions and Reports Analysis Centre of Canada, we have Stéphane Sirard, interim director and chief executive officer, who will be offering an opening statement; Tina Matos, deputy director and chief supervision officer, supervision sector; Michael-John Almon, acting deputy director, partnership, policy and analysis; and Patricia Bennett, acting deputy director, intelligence sector.

From the Office of the Auditor General, we have Andrew Hayes, deputy auditor general, who will be offering an opening statement. Jean-François Nadeau, your wingman, is here to assist as well with any of the technical questions.

Mr. Sirard, you'll have about six minutes. If you run a little over, that's okay. I won't be too harsh on the time. We want to hear from all the witnesses for as long as possible.

Members, I believe you're all familiar with this, but it's the practice of the chair to give you the full time you have for questions. Should you come up against the deadline, I will allow a response from our witnesses. You just cannot interrupt them. If you do that, I will end it right away.

Without further ado, you have the floor, please, Mr. Sirard.

Stéphane Sirard (Interim Director and Chief Executive Officer, Financial Transactions and Reports Analysis Centre of Canada): Thank you, Mr. Chair.

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

Mr. Chair and members of the committee, thank you for inviting us to speak to the Auditor General's assessment of FINTRAC's activities to combat money laundering. As an organization committed to excellence, we welcome all feedback that helps us enhance our programs and operations. This includes the Auditor General's report, which we have already begun to address in many ways through our modernization agenda. The feedback we've received also includes the recent evaluation of the Financial Action Task Force, better known as the FATF, the expert international body that sets global standards for combatting money laundering and terrorist financing.

[*Translation*]

Following a comprehensive evaluation finalized this year, the FATF recognized that FINTRAC's financial intelligence is, to a very large extent, supporting the operational needs of Canada's law enforcement and national security agencies.

Specifically, the FATF found that FINTRAC, as a financial intelligence unit, generates high-quality financial intelligence valued by law enforcement agencies and used in 94% of their investigations into money laundering offences.

[*English*]

The FATF evaluation also found that FINTRAC provides financial intelligence disclosures to law enforcement quickly when the information is assessed to be urgent. These disclosures are provided within days, and in some circumstances within hours. We always work closely with law enforcement agencies to determine the level of urgency. At the same time, we have enhanced our financial intelligence disclosure process, improving the overall timeliness of our financial intelligence.

[*Translation*]

In 2025-26, we produced 7,214 financial intelligence disclosure packages, based on 3,007 unique disclosures. This is the largest number of disclosures that FINTRAC has generated in a single year. Our unique disclosures contained 10,650 subjects of interest for law enforcement.

These disclosures contributed to 348 major project-level investigations as well as many hundreds of other individual investigations at the municipal, provincial and federal levels across the country and internationally.

● (1105)

[*English*]

As Canada's anti-money laundering regulator of financial service providers, I am pleased that the Auditor General recognized that we have a formal, well-organized approach for doing our supervision work. We recently finalized and implemented a new supervisory framework to advance our risk-based approach to supervision. This framework provides greater clarity, consistency and transparency in how we conduct supervisory activities, enabling us to focus on the highest areas of money laundering and terrorist financing risk.

With a sharper focus on higher-risk businesses over the past year, we conducted a record number of examinations and assessment activities on large banks and other financial entities, as well as in the money services business sector. This focus on higher-risk businesses resulted in an increase in enforcement action across all business sectors, including the highest number and largest amount of administrative monetary penalties levied in a single year.

[*Translation*]

We've also allocated considerable resources to address the high volume of registration requests. We've focused our resources towards the automation of registering money services businesses as a core component of our broader modernization strategy. This new system will be implemented next year.

[*English*]

Finally, strategic investments in technology are well advanced to ensure integration with FINTRAC's analytical system and to leverage advanced data analysis in support of both the intelligence and supervisory operations.

In closing, FINTRAC has agreed to the Auditor General's recommendations. We are committed to leveraging these recommendations and those of the FATF to continue strengthening the efficiency and effectiveness of our supervision of businesses and the production of financial intelligence.

We are pleased to answer any questions you may have.

Thank you.

The Chair: Thank you very much.

Mr. Hayes, as a repeat visitor, you'll know I broke protocol here a bit.

Having said that, you will have five minutes, nonetheless. We look forward to your opening remarks.

[*Translation*]

Andrew Hayes (Deputy Auditor General, Office of the Auditor General): Good morning, Mr. Chair

Thank you for the opportunity to appear before the committee today to discuss our report entitled “FINTRAC's Activities to Combat Money Laundering”, which was tabled last week.

I would like to begin by recognizing that we're meeting on the traditional and unceded territory of the Algonquin Anishinaabe people.

With me today is Jean-François Nadeau, the director who led the audit team.

The Financial Transactions and Reports Analysis Centre of Canada, or FINTRAC, plays an important role in Canada's fight against money laundering and terrorist financing. However, we found that it didn't effectively carry out its two core responsibilities of producing financial intelligence to support law enforcement and ensuring that businesses comply with anti-money laundering laws.

Timely and actionable financial intelligence is essential to helping law enforcement agencies identify suspects, freeze assets and prevent money from being moved or laundered.

We found that weaknesses in FINTRAC's information technology systems and analytical capabilities slowed the production of financial intelligence. When law enforcement agencies flagged suspected money laundering or terrorist financing activities, it took FINTRAC an average of about four months to provide intelligence.

[*English*]

Half the respondents to our survey said that they received this information too late for it to be useful. FINTRAC also generated less of its proactive financial intelligence, limiting its ability to detect emerging threats and provide new leads to law enforcement.

We also found that inadequate tools limited FINTRAC's ability to effectively supervise businesses subject to anti-money laundering requirements. As the number of businesses under its supervision grew, FINTRAC increasingly relied on attestations by reporting businesses and automated assessments of compliance. While these assessments were faster, they provided less assurance that businesses were complying with the law compared with more thorough and resource-intensive examinations.

In addition, FINTRAC continued to face a backlog of registration or renewal requests from businesses with mandatory registration obligations two years after a cyber-incident forced it to take its registration system off-line. At the time of the publication of our report, about 2,500 requests were still awaiting processing.

Finally, we found weaknesses in how FINTRAC reported on its performance. Its annual report focused on activities and outputs rather than the outcomes of its work. As a result, it is difficult to know whether FINTRAC was effectively contributing to the fight against money laundering and terrorist financing.

FINTRAC needs to strengthen its analytical capabilities and supervisory tools to improve the timeliness and proactive generation of financial intelligence. These improvements are important to ensuring that FINTRAC can fulfill its role in protecting Canada's financial system and supporting the fight against financial crime.

This concludes my opening remarks. We would be pleased to answer any questions the committee may have.

Thank you.

● (1110)

The Chair: Thank you very much.

We'll begin our first round. It will consist of three members with six minutes each.

Mr. Mantle, lead us off, please. You have six minutes.

Jacob Mantle (York—Durham, CPC): Thank you, Mr. Chair.

Thank you to our witnesses from FINTRAC and from the Auditor General's office for appearing.

Most of my questions will be for you, Mr. Sirard, from FINTRAC. I have to say that I'm surprised by your opening statement. I think if an observer were to listen to that, they would think all was well at FINTRAC, but to borrow from the Bard, there is something rotten in the state of FINTRAC.

Let's start with the high-level conclusions from the Auditor General. I didn't hear either of those conclusions in your opening statement. Do you accept the Auditor General's finding that FINTRAC failed in its two core mandates, which are to oversee compliance with Canada's AML laws and to produce financial intelligence?

Stéphane Sirard: First of all, we certainly welcome the recommendations of the Auditor General on how we can improve our effectiveness, but in terms of results and achieving our mandate, we published last week our annual report. It demonstrates that we conducted a record number of activities on the financial intelligence side and on the supervisory side. Again, it was a record year.

We had the FATF mutual evaluation that looks at overall financial intelligence and how it's used, and at the effectiveness of the overall AML regime. They concluded that we're substantially effective in providing actionable financial intelligence that demonstrates concrete results and outcomes.

Jacob Mantle: Just to be clear, I didn't hear a “yes” there, so you disagree with the Auditor General's conclusion. I'm not looking for your opinion on their recommendations for improvement. I'm looking for your acceptance of the Auditor General's factual conclusion that you're not doing your job.

Stéphane Sirard: Personally, I disagree with the conclusion. Again, I think with the information I've just provided, we are able to achieve our mandate in an effective manner. Could we be more efficient by accepting and addressing the recommendations? Absolutely.

Jacob Mantle: Can you tell me when you briefed, or whether you briefed, the minister, or the Minister of Finance's office, to which you are ultimately accountable, and then to Parliament? When did you advise the Minister of Finance that there were significant issues at FINTRAC, as identified by the Auditor General?

Stéphane Sirard: In terms of the briefing, I briefed senior public officials at the Department of Finance on some of the high-level findings of the report.

Jacob Mantle: When was that?

Stéphane Sirard: That was just before the report was tabled.

Jacob Mantle: Would that have been at the end of October?

Stéphane Sirard: That's correct.

Jacob Mantle: Okay.

Until that time, your briefings with the minister were concluding that FINTRAC was operating as it should and fulfilling its mandate.

● (1115)

Stéphane Sirard: Well, we just went through the FATF assessment, which basically looked at the overall anti-money laundering regime, both from the supervision aspect and from the intelligence aspect. Obviously, we had an extremely good rating compared to international peers. We're placed in a regular follow-up. There are a number of aspects of that assessment that demonstrate that there's efficiency. I mentioned the financial intelligence piece, which seemed to be efficient and demonstrate concrete results.

Jacob Mantle: Did the former director, Sarah Paquet, resign because of the audit by the Auditor General that took place?

Stéphane Sirard: She did not resign.

Jacob Mantle: What happened? Was it that her term ended? Is that why she left?

Stéphane Sirard: That is correct.

Jacob Mantle: There is no connection between her departure from FINTRAC and the Auditor General's investigation.

Stéphane Sirard: No, not to my knowledge.

Jacob Mantle: Okay.

I assume there's an internal review going on at FINTRAC. Who will be held accountable for the results of the Auditor General's review?

Stéphane Sirard: Ultimately, we're standing here as a collective. We're all obviously accountable for the results. We're all accountable to enact the recommendations and certainly to report back on progress.

There are a number of recommendations addressing both financial intelligence and the supervisory side of the House. Obviously, we are collectively accountable to implement those recommendations.

Jacob Mantle: Have you had discussions with the Minister of Finance's office about the results of this review?

Stéphane Sirard: I have not had a discussion with the minister's office.

Jacob Mantle: Has anyone from the Minister of Finance's office contacted you, as the interim director of FINTRAC, based on this?

Stéphane Sirard: No, they have not.

Jacob Mantle: There's been no interest from the Minister of Finance's office on this.

Stéphane Sirard: I would say that the briefing and information that we provided ultimately may have been sufficient.

I want to reiterate that we have just been assessed on the efficiency of FINTRAC and the overall regime. I think the conclusions are quite positive. Now, there are aspects that we obviously need to improve as an agency and as a regime overall. I'm sure the minister's office has been briefed on those assessments, and the report was released at the end of September, I believe.

Jacob Mantle: Thank you for your comments.

I'll have some further questions, but I have to say that it's extremely concerning that you think everything is positive, and that you're relying on an external report from the Financial Action Task Force versus an actual audit that took place over the course of many months. That is deeply disturbing. I think you need to accept the results of this audit before you even try to solve the problems.

The Chair: Thank you, Mr. Mantle.

Next we'll move to Ms. Yip for six minutes, please.

Jean Yip (Scarborough—Agincourt, Lib.): I thank the witnesses for coming today.

Mr. Sirard, do you want to respond to the last speaker?

Stéphane Sirard: Mr. Chair, do I have permission to respond?

The Chair: Yes. It's Ms. Yip's time.

Stéphane Sirard: Thank you.

I want to again state that the FATF is the international expert body on anti-money laundering assessments. These assessments are a long-term process. Certainly, from our perspective, we were working at it for almost three years in order to gather information and prepare ourselves for the assessment.

The assessment team are experts in the field. As a financial intelligence unit, we were assessed by assessors who work in financial intelligence units and who understand the dynamic and how it works. On the supervision side, the same thing happened.

This is the international expert body. They've looked at the overall effectiveness of the regime, not just at how FINTRAC operates but at how FINTRAC operates within the bigger sphere of the anti-money laundering regime. They've deemed, certainly on the financial intelligence side, that we are quite effective, that the work we produce is produced urgently when required and that, obviously, it achieved results. They were used in most of the money-laundering investigation and were deemed to be of high quality.

Jean Yip: Why did it take an average of four months to provide financial intelligence?

Stéphane Sirard: As an organization, we need to prioritize. We have a lot of volunteer information records that are provided by law enforcement. We have to assess and prioritize them all.

I go back to the FATF assessment. They've acknowledged that when cases are deemed urgent or are priority cases, 40% of those cases are addressed within 10 days. I said in my opening remarks that we're often able to produce financial intelligence within hours if it's required. We'll work very closely with law enforcement agencies to reprioritize cases. If a routine case suddenly becomes a priority and is urgent, we will reprioritize and address it in a timely matter.

The other point I wanted to make is that we've also recently refined our process to improve some of the timeliness of the overall caseload.

● (1120)

Jean Yip: For the others that don't give results in a few hours, why is it taking longer?

Stéphane Sirard: I'll turn it over to Patricia, who can explain some of the process, how we do our work and how we are able to refine the process.

Patricia Bennett (Acting Deputy Director, Intelligence Sector, Financial Transactions and Reports Analysis Centre of Canada): Thank you.

I would say that our work takes the time it takes. Our mandate is to receive and analyze information. It's not as a flow-through of information from reporting entities straight to law enforcement. Therefore, when we get information as it comes into the centre, we're mandated to analyze, assess and develop intelligence packages.

Money laundering is complex. We receive a lot of information from law enforcement, reporting entities and other sources like public databases. We analyze all of that information together and build our intelligence packages from that. This involves identifying linkages, identifying subjects and showing money flows. Often, disclosures can contain information from hundreds or thousands of reports and up to thousands in transaction information, so they can be quite complex.

I would say that, typically, more complex disclosures take longer. More simple ones take less time. On the urgent side, we are able to prioritize based on what are the highest risks, what are the priorities of law enforcement and what we're able to get out the door faster than the average. Currently, our average is, I would say, just under 90 days. Again, that's an average, and we do many much faster.

If I could give an example on fentanyl and extortion, we're currently producing illegal fentanyl trafficking disclosures in, on average, around 20 days. For extortion, it's about the same, given the priority the government has placed on those files.

Jean Yip: Was there an improvement in your financial intelligence disclosure packages?

Patricia Bennett: We have continuously looked for improvement in our processes, whether it be by leaning, by scoping what we put in our disclosures or by talking to law enforcement about the most valuable information they have. We've changed our processes so that they can take less time for review. We've also provided new tools to analysts that help to automate some of the manual work that has been done in the past, resulting in faster disclosure times.

Jean Yip: Some small businesses have been facing extortion. It's been in the news in the past year. What is being done to prioritize financial intelligence resources to tackle extortion?

Patricia Bennett: In the intelligence sector, the way we've prioritized this is to prioritize those cases—hence, talking about the faster turnaround time that I mentioned—and thanks to investments by the government, we've been able to hire additional staff. We are also out and about across the country working with law enforcement to understand the priorities around extortion and the cases they're working on so that we're able to provide them the information that is useful for their work.

Since February 1, I believe we've done about 268 disclosures on extortion, identifying in thousands of potential transactions information that could be useful. We've also engaged on the ground with law enforcement on a regular basis in major centres across the country, reaching close to 1,000 individual officers, either through operational conversations around specific cases or for training opportunities and education about how our work can help them.

The Chair: Voila. That is your time, Ms. Yip.

[*Translation*]

Mr. Blanchette-Joncas, you have the floor for six minutes.

Maxime Blanchette-Joncas (Rimouski-Neigette—Mitis—Matapédia—Les Basques, BQ): I would like to thank the witnesses here today.

My first question is for Mr. Sirard.

I'll begin with the conclusion of the Auditor General's report, which unequivocally states that FINTRAC failed to effectively carry out its responsibilities when it comes to oversight and the production of actionable financial intelligence.

Your organization is normally at the heart of the anti-money laundering system. I heard some of your comments earlier.

Do you acknowledge that your organization failed to effectively fulfill a fundamental part of its mandate?

● (1125)

Stéphane Sirard: Thank you for the question.

As I said before, I disagree with the general conclusion. Once again, I appreciate the recommendations and we accept them. I believe that, by acting on them, our organization can become much more effective.

That said, in terms of our ability to fulfill our mandate and achieve concrete results, I referred earlier to the FATF evaluation. This international evaluation carried out by a group of experts showed that the Canadian anti-money laundering regime is actually producing good results. We have room for improvement. However, we demonstrated our ability to produce high-quality financial intelligence. This intelligence is used in 94% of money laundering investigations. According to our annual report, this has been yet another record year, both in terms of oversight and intelligence.

I would also like to raise another point. I can understand the desire to rigorously evaluate the agency's effectiveness by looking at the level of production per analyst, for example. That's one factor. However, when it comes to our overall ability to achieve concrete results, I would point to certain media mentions scattered throughout the annual report.

Maxime Blanchette-Joncas: We'll talk about concrete results. In your remarks, you said that your organization was committed to excellence. I took note of this. We'll try to clear up what excellence means to you.

In an audit dating back to 2004—quite a few years ago now—the Office of the Auditor General already noted that FINTRAC mainly reported on the number of activities carried out, without sufficiently measuring their impact. In 2026, the same problem persists. A similar shortcoming is still evident. This is a strange surprise.

Can you explain why an organization committed to excellence still reports figures on its activities without sufficiently demonstrating the results achieved?

Stéphane Sirard: Once again, I'll refer to the FATF evaluation. It provides the best concrete evidence of a regime's effectiveness. Obviously, the results are quite clear in this area.

In terms of performance measures, we agree with the Auditor General. We've even already informed Treasury Board of our intention to change our framework for these measures. We obviously have no disagreement with this recommendation. We must demonstrate a certain level of effectiveness from start to finish to see whether we're moving in the right direction.

Let's look at the growth in activities over the past few years, certainly in intelligence, but also in oversight. You'll see that, with the same number of analysts, we've nearly tripled the production of financial intelligence. That's clearly a concrete result.

Second, as I said, the media mentions clearly show how our intelligence is used to achieve concrete results in terms of arrests and asset seizures, for example.

Maxime Blanchette-Joncas: Mr. Sirard, I gather that you disagree with the performance indicators used by the Auditor General?

Stéphane Sirard: No. What I'm saying is that, when looking at FINTRAC's effectiveness, several other factors need to be taken into account. Obviously, I am referring once again to the international assessment, in which the agency's effectiveness and the regime as a whole were examined using a comprehensive methodology.

Maxime Blanchette-Joncas: Who validated the performance indicators that are presented to Parliament to demonstrate your effectiveness?

Stéphane Sirard: We have an audit committee. As I said, we briefed Treasury Board on the new indicators that were submitted. I think that in the next report for the following year, we will be able to present results based on those indicators.

Maxime Blanchette-Joncas: I'll go back to the 2004 recommendations. You're talking about international reports that say you're doing well—but in 2004, the Office of the Auditor General was already recommending that mechanisms be put in place to measure the true impact of the information shared. In 2026, over 20 years later, it still concludes that FINTRAC reports on its number of activities conducted rather than their outcomes. I'm trying to understand what's going on.

You're telling us about international reports, but, in practical terms, why has this recommendation still not been implemented two decades later?

● (1130)

Stéphane Sirard: It's not always easy to measure that aspect. One of the things we'll need to do, following the FATF assessment, is identify measures that will enable us to collect information on an ongoing basis to demonstrate tangible results.

I mentioned media coverage. That's one example among many. There are between 35 and 50 stories each year. Once again, this provides concrete evidence of a certain degree of effectiveness.

Are there more elaborate measures that we need to put in place? Once again, we agree with the Auditor General's recommendations, but I think this is a measure that needs to be developed much more comprehensively with the various partners to be able to monitor progress.

Obviously, we work independently of law enforcement. Once our intelligence is disclosed, it's their information, and it can take a long time to process it and conduct investigations.

So it's not impossible to identify all the outcomes, but it can be somewhat more complex. Again, the FATF has attempted to do so and concluded that financial intelligence leads to concrete, positive outcomes.

The Chair: Thank you very much.

[*English*]

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

Mr. Stevenson, you'll begin with five minutes, please.

William Stevenson (Yellowhead, CPC): Thank you, Mr. Chair.

I had quite a few questions, but some of the testimony has already led me to some different questions.

To be clear, you said that you didn't agree with the Auditor General's conclusions on how you are working, but you've also said that the four of you here are ultimately responsible for those changes. You haven't had discussions with the minister, so who's going to be responsible for this? What kinds of actions are going to be taken if you guys are responsible and you're not being...? Basically, who's going to get some punishment for not getting this done?

Stéphane Sirard: Per the audit and the recommendations, we've already established our plan for each of the recommendations. In the action plan, there are a number of timelines, obviously, that we've highlighted.

To answer your question on accountability directly, I think we're all accountable here, and we have our internal action plan to progress and address.

William Stevenson: I'm going to go a little further into the weeds on a couple of things.

The Auditor General's report said that it was relying much more on self-reporting. This is probably more for Ms. Bennett, who was talking about the changes you have come up with. I know our tax system relies a lot on self-reporting, but there's a lot of responsibility on individuals to get that back. There are other reasons that people file their taxes. There are probably not nearly the same benefits in self-reporting to FINTRAC.

In my practice in accounting, I had a couple of jewellers that had to report because they had transactions over the $10,000. They didn't even know.

I'm not sure where your education is coming from. Did you do a cost-benefit analysis to say how self-reporting would be better than proactive reporting—going out and searching for these transactions? How is this going to improve your situation? To me, it sounds like it's not.

Stéphane Sirard: I'll pass it over to Tina, who will be able to outline how we've implemented our risk-based approach and how light-touch supervision fits as one of the mechanisms. There are other elements at play as well, and she can elaborate a bit more on them.

Tina Matos (Deputy Director and Chief Supervision Officer, Supervision Sector, Financial Transactions and Reports Analysis Centre of Canada): Thank you.

If I can, I'll step back a bit and go to your point around self-attestations. Self-attestations are an important tool for us, but they're only one of many tools in our supervisory tool kit. As we look at new sectors coming on board and sectors that we don't understand very well, we have a variety of tools.

What the Auditor General pointed out is that we're using self-attestations quite a lot. This is where we seek information from reporting entities to understand their compliance programs. Do they understand that they have a compliance program? Do they have elements and so on? This is a very efficient, at-scale way for us to get a snapshot of reporting entities to see this. We're not validating the information, but it's only one tool that we use.

For this year, the context I would add is that, as the Auditor General looked at our results, we had over 14,000 new reporting entities that entered the regime. We use self-attestations quite deliberately to get the first basis of understanding to enable us to engage in deeper, risk-based supervision.

● (1135)

William Stevenson: I guess my question is, did you guys do some sort of analysis to say that you were pushing more of the self-attestation as a cost-benefit analysis versus doing a proactive search of the information from other means, like bank records?

Tina Matos: That's a great question. It is one piece of information among others, so no, we didn't undertake a cost-benefit analysis and we didn't do it for the purpose of cost. Within our information holdings, we look at this alongside intelligence holdings and information from other regulators.

William Stevenson: Why was there an increase, then, in the reliance on that method of looking out for the information?

Tina Matos: For this period, it's because of the 14,000 new reporting entities that we brought on board. At that point, we didn't know the reporting entities very well, so for this period—

William Stevenson: I had another question about what you're going to do about the huge backlogs. If you have more people you're investigating, what are you doing? Are your staff numbers increasing or decreasing? Is that causing your problems with increasing wait times to get the—

The Chair: Thank you, Mr. Stevenson.

I'm going to allow a response.

Tina Matos: We have put significant efforts into the backlog the Auditor General identified for money services business registrations. We were struck by the cyber-incident, as the Auditor General outlined, when we took our systems off-line. That resulted in us having to undertake a number of manual processes, and we grew a backlog. We lost efficiencies and grew a backlog.

When the Auditor General came in, our backlog was at over 2,700 cases at that time. Since then, we've undertaken two targeted blitzes to bring it down. We've doubled our resources. I reorganized my team so that we have a dedicated MSB registration team. We've gone from 14 to 28. We've also optimized our processes twice to make sure that we were as lean and as effective as we could be.

As additional context, within this time, our intake doubled. We used to receive 13 applications a day, and now we receive 28. In fact, recently, we had a day with 54 applications. It was at the same time that we had to be more manual that more intake came in.

We also added efficiency measures at this time. We have communicated to the industry that we now accept complete applications only, and that was a bit of a time drag as we looked at optimizing our processes. We wouldn't get a complete application, so we would go back for more documents and so on. Now we're very clear, and this was welcomed by the Canadian MSB Association as an approach. We also implemented in August a secure document transfer platform that enables us to efficiently communicate with MSB registration applications.

I'm pleased to say that we've now moved from the backlog of 2,750 at that time to a working inventory of 1,933. We are much more productive now within this inventory, and I call it an inventory because you want enough information to process. Over 58% are awaiting information from clients, so the drag isn't on us.

We're much more productive than we used to be. We were processing 143 cases a week in September 2025. We're now processing 195 cases a week, and in September, we closed 900 cases. In October this year, we closed 1,200 cases, so—

The Chair: Thank you, Ms. Matos. I'm sure someone will ask you to pick that up again. The time is well over, but I wanted to get your comments on the record.

Mr. Osborne, you're welcome to ask your questions in five minutes, or if you'd like, Ms. Matos can finish up.

It's over to you, sir.

Tom Osborne (Cape Spear—Mount Pearl—Paradise, Lib.): Thank you.

I thank you for being here today.

My first question is with regard to the Auditor General's report. I want to focus a little more on the Financial Action Task Force. I would ask you to be as concise as possible so that I can get my second question in.

What have you done to modernize IT to have a better system of proactive financial intelligence? What have you done to develop service standards?

Stéphane Sirard: I'll pass it to Patricia, who will be able to elaborate more on our modernization efforts in the financial intelligence system. That started about three years ago, and we've achieved a number of milestones.

She will be able to elaborate a bit more on that.

● (1140)

Patricia Bennett: First, in parallel with developing new systems and modernizing our analytical work, we look at our current systems, our current processes and how we do our business so that we can find efficiencies, change processes and add automation where we can to modernize in that way while we are also advancing our modernization initiative for analytical tools.

Back in 2022, the government provided an investment in FINTRAC to modernize its intelligence suite of tools, and since that time, we have been advancing that initiative. As of October 30, we have spent two-thirds of the budget that was allocated for that project. We undertook a procurement process a few years ago that involved extensive business requirements and proof-of-concept testing, which received approximately 75 different bidders. In March 2025, a contract was awarded, and we are now advancing further on developing those tools to modernize our systems.

Tom Osborne: Thank you.

The Auditor General's report and the Financial Action Task Force have slightly different views of the work that FINTRAC is doing. I want to recognize that. The mutual evaluation is carried out through the co-operation of a number of agencies and a number of countries. This is a significant evaluation. I want to ensure that anybody who's tuned in has an understanding of that, because that evaluation indicated that FINTRAC had strong outcomes related to risk identification, domestic and international co-operation, and the use of financial intelligence in protecting Canadians and Canadian businesses.

Could you expand on the evaluation? Who was involved? What was the significance of that evaluation? I mean, it is a significant evaluation. Canada has fared very well in this evaluation.

Stéphane Sirard: The evaluation comprises essentially a number of federal, provincial and municipal agencies on the law enforcement side and the regulatory side. I won't go into detail on a number of the criteria, but 11 immediate outcomes assess effectiveness. There's understanding the risk; international co-operation, as you pointed out; the supervisory action; the production of financial intelligence; law enforcement investigation; terrorist financing; the overall sanctions regime; and beneficial ownership.

Canada has fared fairly well on a number of these issues. Again, when they assess effectiveness, there are a number of criteria. They look at the overall effectiveness across the regime. A number of partners are involved. In terms of financial intelligence, yes, the FIU FINTRAC produces the financial intelligence, but law enforcement uses it and needs it to demonstrate concrete action on how it is used, how it is leveraged and the usefulness of it in terms of how it leads to the identification of assets and how it leads to the arrest of some of the individuals.

Again, there are a number of agencies. For us, it's almost a three-year process. There's a rigorous process where they come on site and interview different agencies. Obviously, it was coordinated by the Department of Finance, the overall lead of the regime. They stayed here three weeks. They assessed thousands of pages, case studies and statistics. Obviously, we had to defend the assessment at the FATF plenary. It's a major undertaking.

We were quite satisfied and quite proud, but there are things we need to address, certainly. In terms of making ourselves more efficient, recommendations were issued. Like the Auditor General, we have an internal action plan, but we also have a plan internally to address the FATF recommendations. With the rating, we have to report back in three years. Obviously, we can't wait. We are already tackling some of these recommendations.

The Chair: That is your time. Thank you very much, Mr. Osborne.

Tom Osborne: But I have so many more questions.

Voices: Oh, oh!

The Chair: I'm sure you do, as do other committee members.

We'll keep moving along.

[*Translation*]

Mr. Blanchette-Joncas, you have the floor for two and a half minutes.

● (1145)

Maxime Blanchette-Joncas: Thank you very much, Mr. Chair.

Mr. Sirard, on page 158 of the FATF assessment report, paragraph 472 states that your organization's timelines may allow criminals to conceal their assets. Do you acknowledge that observation?

Stéphane Sirard: In terms of financial intelligence, once again, we recognize that the faster we can disclose information to police agencies, the faster they can act.

Money laundering investigations are generally lengthy ones. They can last several months, sometimes even several years. They are extremely complex investigations.

As I mentioned earlier, we prioritize the information we receive. If law enforcement agencies, in the course of their investigations, suddenly need information for an order for disclosure, for example, we are able to adapt our processes to respond to their request.

Maxime Blanchette-Joncas: I repeat my question, Mr. Sirard: do you acknowledge the finding that your organization's slowness in passing on information may allow criminals to conceal or disperse their assets? That's what the FATF says. That's the report you're using to defend your organization's performance.

Stéphane Sirard: I'll repeat what I said: In a perfect world, the faster we can pass on information, the faster we can act. However, once again, priorities must be set.

Maxime Blanchette-Joncas: In a perfect world, I think that when you want to solve a problem, you have to start by acknowledging it. Currently, that does not seem to be the case for you or your organization.

Back in 2004, the Office of the Auditor General was already recommending public targets. FINTRAC announced that it would set deadlines. Today, 22 years later, the Auditor General's report shows that there are still no internal service standards for reactive intelligence.

So how many years do you think it takes to acknowledge a problem and set targets so that we can properly assess your organization's performance?

Stéphane Sirard: Again, that is among the Auditor General's recommendations. Obviously, as indicated in the management team's response, we'll see how we can set certain internal targets to be able to demonstrate a certain degree of effectiveness.

Maxime Blanchette-Joncas: Mr. Sirard, will you undertake to provide the committee with data setting out your current processing times for urgent cases and other files, along with the calculation method and the standards you apply?

The Chair: Thank you very much.

Maxime Blanchette-Joncas: Thank you.

[*English*]

The Chair: You're up next, Mr. Falk, and you have the floor for five minutes, please.

Ted Falk (Provencher, CPC): Thank you, Mr. Chair.

Thank you to FINTRAC for coming out and to the Office of the Auditor General for its report.

I've listened, and I've read your comments, Mr. Sirard. I'm intrigued that you don't accept the findings of the Auditor General or agree with the conclusions in the report.

I'm also intrigued that you keep deferring to the “evaluation”, in your words, done by the Financial Action Task Force. You also keep deferring any criticism to that report. It's a body that evaluates metrics that are completely different from what an Auditor General audits—the big difference between an evaluation and an audit. There seems to be a disconnect in your department between output and outcome.

One of your final statements mentions “the highest number and largest amount of administrative monetary penalties”. I don't know if we expect FINTRAC to typically be a revenue-generating agency, or whether we expect you to identify money laundering and give law enforcement the tools and information they need to address that.

My question is, when was this audit conducted on your department?

Stéphane Sirard: Do you mean the Financial Action Task Force audit?

Ted Falk: No, I mean the Auditor General's audit.

Stéphane Sirard: The audit was completed in February of this year.

Ted Falk: Then your department would have been consulted on the findings of the audit. In fact, it says that you agreed with some of the recommendations.

Stéphane Sirard: That is correct.

Ted Falk: When was the minister advised?

Stéphane Sirard: As I said, I advised the staff of the Department of Finance, but I didn't advise the minister.

Ted Falk: You had no indication from the Department of Finance that they advised the minister.

Stéphane Sirard: I had no indication.

Michael-John Almon (Acting Deputy Director, Partnership, Policy and Analysis, Financial Transactions and Reports Analysis Centre of Canada): If I may, we received advice from the Office of the Auditor General that we not transmit the results of the audit until it had been tabled in Parliament.

● (1150)

Ted Falk: That included to the Minister of Finance.

Michael-John Almon: That was the advice we received.

Ted Falk: Would that be accurate, Mr. Hayes?

Andrew Hayes: Typically, our audit reports are for the department to deal with—in this case, FINTRAC. We expect that they will brief the minister. It happens regularly that ministers are briefed on the reports. We also offer the opportunity for ministers to speak with the Auditor General herself once the report is final. However, we do not allow the report to be shared in its entirety with the minister.

Ted Falk: Did your department brief the minister?

Andrew Hayes: Are you asking me?

Ted Falk: Yes.

Andrew Hayes: On behalf of the Auditor General, we made the offer to the minister to brief him on this report; however, he did not take up our offer, which is entirely normal.

Ted Falk: When would that offer have been made?

Andrew Hayes: It would have been made at the beginning of October. Typically, the briefings with ministers would happen, if they do take up our offer, in the week before tabling.

Ted Falk: So there would have been some communication between FINTRAC and the Department of Finance during the audit that things were not going so well. Am I correct?

Stéphane Sirard: Again, I briefed some finance officials near the end of the audit to provide some high-level findings and some of our recommendations.

Ted Falk: What would the response from the department have been?

Stéphane Sirard: They acknowledged the information I provided to them. As I said, we had just come off the international assessment that looked at the overall effectiveness of the regime. Some of the findings were even in line with what the FATF found in terms of the improvement of timeliness. They accepted and there was no further comment.

Ted Falk: What is your number one priority as a department going forward?

Stéphane Sirard: Going forward as a number one priority, if I take the two audits, there's a set of good recommendations. My priority and the priority for us are to address those recommendations, including the recommendations of the Auditor General, because we strongly believe this will enable us to become a more efficient agency, both on the supervision side and on the intelligence side.

The Chair: Thank you very much.

Up next is Ms. Tesser Derksen for five minutes, please.

Kristina Tesser Derksen (Milton East—Halton Hills South, Lib.): Thanks, Mr. Chair, and thanks to everyone for being here.

I've reviewed your detailed action plan responding to the Auditor General's recommendations. Thank you for putting detail in there.

I want to ask about the legislative developments that have occurred more recently this year, particularly how they are going to change or have changed the way you do your work and how, hopefully, they will help you empower serving Canadians better in your mandate.

Specifically, I understand that Bill C-12, the Strengthening Canada's Immigration System and Borders Act, changed several statutes, including in the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. I'm sorry. These are very long names for these pieces of legislation. That in turn increased the maximum administrative penalties and criminal penalties under that legislation, as we've already heard, but it also added new tools and information-sharing authority for FINTRAC.

Can you explain to us a bit how these legislative changes have affected your work?

Stéphane Sirard: I'll defer to Michael-John, who can elaborate on some of these tools, but we can start with Tina, who can speak to the increase in penalty amounts and how we're able to refine our process and the guidance piece in order to address these new changes.

Tina Matos: Legislation was tabled to increase the amount of our penalties—the penalties we can levy on reporting entities that are not compliant with the legislation that you referenced. Penalties will increase up to 40 times.

We have been working to get our guidance ready to go. We've been consulting with the industry on this. We have an advisory committee with Finance Canada on money laundering and terrorist financing.

The legislation has passed, but typically, we examine the past as we look back at transactions that have happened. We've been working with the industry to update the guidance. We are planning, as we've told them, to publish it by the end of this year. Then we would be looking to move forward on our supervisory activities under that regime.

With that presented, I'll turn to my colleague Michael-John.

Michael-John Almon: In addition to the changes related to our supervisory program, which I think did quite a lot to both strengthen the way we deal with reporting entities and ensure the proper flow of financial information to financial intelligence, there were changes to the regime, including the introduction of the capacity to have information sharing among private sector entities. This was to avoid a potential siloing by criminal actors, who will take certain elements of their activities and focus them within different entities.

In this way, by allowing private sector entities to be under agreements—codes of practice—that are approved by the Office of the Privacy Commissioner, they can allow banks to put together a better picture of what's being seen and then improve the reporting that comes to us and, by extension, the reporting that goes to law enforcement.

● (1155)

Kristina Tesser Derksen: Thank you very much for that.

I want to ask a bit more about the operational coordination that you've touched on already. The integrated money laundering intelligence partnership, IMLIP, launched last year, I believe. I understand that it provides a forum for information sharing, just as you said, between financial institutions and law enforcement. FINTRAC has a role in that partnership.

Could you elaborate a bit more on how you fit into that?

Michael-John Almon: In the context of IMLIP, we're a bit more passively than actively involved in it. That's for aspects around the nature of the information we receive and to ensure privacy is respected as it goes through the different legal thresholds.

However, we too are a beneficiary of the types of activities that are occurring there, because it ensures that both law enforcement and private sector entities—in this particular case, for IMLIP, it's Canada's largest banks—are able to identify key information that puts together a more holistic picture of the potential criminal activity that's occurring and allows for targeted and more expansive pictures of the network, which can then inform the types of disclosures that go out to law enforcement.

Kristina Tesser Derksen: You've obviously considered the Auditor General's report and the recommendations. How do you see this new type of partnership affecting how you can respond to those recommendations?

Michael-John Almon: When we look at the type of information we receive and the modernization efforts that are going on at FINTRAC, the flow of information will be more useful, I think, to our law enforcement partners overall. Right now, they'll be able to have many of these aspects stitched up, allowing for a faster throughput of the information. This is acknowledging that we still have to go through our legal requirements to ensure that it's meeting our grounds to disclose—namely, the reasonable grounds to suspect that it's relevant to investing in money laundering, terrorist activity financing or sanctions evasion events.

The Chair: That is your time, I'm afraid. Thank you very much.

We will begin our third round. Five members will have various times.

Mr. Mantle, you have the floor again for five minutes.

Jacob Mantle: Thank you, Mr. Chair.

Mr. Sirard, you filed a departmental plan and results to Parliament in June of this year. Is that correct?

Stéphane Sirard: That is correct.

Jacob Mantle: As I understand it, that would have been filed after the results of this audit, which was completed in February, as you just said in your testimony.

Stéphane Sirard: That is correct, yes.

Jacob Mantle: Who signed off on that report before it was tabled in Parliament?

Stéphane Sirard: I would have signed off on the report.

Jacob Mantle: You signed off on it. Okay.

I want to draw your attention to some contradictions I see between that report and the findings of the Auditor General. In your departmental report, FINTRAC says that 97% of respondents reported your disclosures were “actionable”. You say that intelligence helps police obtain warrants, identify subjects and investigate criminal networks, but the Auditor General found that the average time for that intelligence was 112 days. Half of the respondents said the intelligence was “too late to be useful”. Only a third said that it “led to new investigations”.

How can financial intelligence be both actionable and too late to be useful?

Stéphane Sirard: I want to point out, in terms of “half of the respondents”, that I think the Auditor General acknowledged that the information was not statistically valid, but it could be used as qualitative information. Again, the way that financial intelligence can be actionable is not necessarily on the fact that.... There are many ways that financial intelligence can be useful. One way it is useful—

Jacob Mantle: Isn't the primary way, Mr. Sirard, is if police say it's useful for catching criminals and stopping money laundering? Half of them say it was too late to be useful.

Stéphane Sirard: Again, the information is not statistically valid. In the annual report, there are a number of examples where it's clearly demonstrated that there are concrete outcomes in terms of how our financial intelligence is being used. When cases are urgent, because we do have to prioritize the information that comes in, we're able to adapt our processes and make sure that law enforcement gets information in a timely manner.

● (1200)

Jacob Mantle: Let's look at another factor. FINTRAC said in its departmental plan that you are always working “proactively”—proactively focusing on areas where businesses are “vulnerable”, proactively assessing “relevant risk” and aiming to “revolutionize financial intelligence by focusing on real-time processing”. Those are FINTRAC's words. However, the Auditor General found that proactive disclosures actually fell from 38% of disclosures in 2021-22 to just 23% in 2024-25. In other words, FINTRAC was becoming increasingly less proactive.

Why was FINTRAC telling Parliament that you were becoming more proactive and you were helping law enforcement when the data from the Auditor General, which you already had, said the opposite?

Stéphane Sirard: I want to point out that in the annual report of this year, our proactive percentage is 38%. We're back up to that level.

There are a number of aspects when you look at the proactive cases. As I mentioned at the beginning of my opening statement, we've disclosed over 7,200 packages based on 3,000 unique disclosures. That means a disclosure is being sent to more than one disclosure recipient. That means that when we conduct our analysis, we're able to see that we're meeting different thresholds—for example, tax evasion—or we determine that the information could be relevant to another police force because the subject of the investigation operates within that jurisdiction.

The secondary disclosure recipient that received that information did so in a proactive fashion. It enriched their information, but that is not even included in our proactive—

Jacob Mantle: I think your response is emblematic of the problem that the Auditor General identified. You are talking about outputs—that you sent information, that you collected more data points—but the Auditor General showed that those data points are not helping you perform your mandate. That's the problem.

Mr. Hayes, I have a last question and comment for you.

You've heard from Mr. Sirard that he doesn't agree with your recommendations and thinks you didn't do your job. Who's right here?

Andrew Hayes: I'd love the opportunity to expand on my position, and maybe after, I might have that opportunity. I recognize the time.

I will start by saying that the—

The Chair: You have the time, Mr. Hayes, as long as Mr. Mantle doesn't interrupt you. The floor is yours—for a couple of minutes, of course. You don't have the hour, but you have time to respond fully.

Andrew Hayes: Okay. This may be a bit lengthy, but let me go for it.

FINTRAC agreed with all the facts. It confirmed its agreement with all the facts in our report. That is a fundamental part of our audit process. What were our findings? They were that FINTRAC was slow to generate financial intelligence. Why? It is because it has outdated IT systems, because it has manual processes and because employees are having to do duplicate work. Four months, on average, to provide financial intelligence to law enforcement is a long time. Financial transactions happen in seconds.

We did a survey of disclosure recipients. Half of the respondents said that they received the information too late. In terms of the time that it takes FINTRAC to produce financial intelligence, I would highlight that 37 days were spent on approval processes internally—37 days.

The modernization of IT has been slow. This is one of the root causes we identified in our report. Money was provided in budget 2022 and has only been partly used. FINTRAC expects that it will exceed the budget, but it does not know by how much. It also does not know when the modernization work will be completed. There needs to be a sense of urgency here.

With regard to surveillance and oversight, we found that oversight mechanisms have shifted to a lighter touch. This approach is weak.

With regard to registration, there's a backlog of registrations that requires significant manual work. When there is a backlog like this, it prevents businesses from operating. With expanding registration requirements, this is an urgent issue to address. Part of this is, again, connected to IT systems.

Relying on self-attestations—I'm bringing it back to surveillance—without conducting verification activities is increasing the risk that non-compliance with legal obligations by reporting entities could go undetected. I want to put this another way: If an entity is in a situation where it is trying to avoid the requirements under the law, it would not be surprising that it would not confess it in a self-attestation. Surveillance is about oversight and detecting, but it's also about deterrence.

With respect to the questions on the FATF report, I should mention that FINTRAC expressed concern that negative findings in our work could influence the FATF examination. We were sensitive to that. While FATF looked at the entire system, our work was a deep dive into FINTRAC and its operations.

I want to read a few quotes from the FATF report. We talked about it taking nearly four months to produce reactive financial intelligence. The FATF report stated that “lengthy response times in non-urgent cases reduce the timeliness of financial intelligence and may hinder its optimal use in investigations.”

We talked about the shift to light-touch supervisory assessments. The FATF report stated that “the supervisory frequency and intensity are not always aligned with the assessed risk of some sectors.”

We talked about registration and money services businesses. The FATF report noted, “Canada has established robust market entry controls for financial institutions through licensing and registration frameworks.” However, it added that the policy approach “allows retrospective registration of money services businesses”, which “may not always provide sufficient deterrent to unregistered activity.”

I have a final point about reporting. Mr. Sirard mentioned that our survey was not “statistically” representative. That is absolutely true. Our response rate was 36%. For FINTRAC's 2024-25 reports—and we note this in our report—it is basing its information on a 3% response rate.

I'll close there. Thank you.

● (1205)

The Chair: Thank you, Mr. Hayes. I appreciate that.

I'm sure there will be follow-up questions from all members.

[*Translation*]

Mr. Gobeil, you have the floor for five minutes.

Daniel Gobeil (Chicoutimi—Le Fjord, Lib.): I'd like to thank all the witnesses for joining us today.

Many good questions have been asked by my colleagues on both sides.

I'd like to come back to an activity report. I'm new to this committee, so I would appreciate your help. Exhibit 2 shows an 80% increase in the number of financial transaction reports received between 2022-2023 and 2024-2025. I'd like to hear a bit more about this, because when assessing a report, I find it very helpful to understand the scope of the mandate.

Stéphane Sirard: Thank you for the question.

As I pointed out earlier, law enforcement agencies may voluntarily send us information as part of their investigations. As you mentioned, there has been a fairly significant increase in the volume of information being sent. This demonstrates not only that law enforcement agencies need this information, but that they find it useful in the course of their investigations. It is therefore a means for them to obtain information to guide their investigations and potentially open up further lines of inquiry.

It's also important to understand that there is good collaboration with law enforcement agencies. Coordination and collaboration across Canada are one of the strengths of the system, both in terms of intelligence and surveillance.

Furthermore, as part of our activities involving meetings with various police forces, we take part in training sessions for various investigators, where they can learn how to use financial intelligence in their investigations. Last year, there were over 150 discussion or training sessions with law enforcement agencies.

Daniel Gobeil: Thank you. I'm going to continue along the same lines.

Much has been said about backlogs and cyber-incidents, but I also see, in exhibit 6, the addition of various sectors. Has the inclusion of such significant sectors been properly assessed, taking into account the task and deliverables? How does that play out within your team?

● (1210)

Stéphane Sirard: I'll turn to Ms. Matos, who can provide more details than I can, but you're absolutely right.

First, when new sectors are brought under the regime, new obligations are, of course, introduced. We therefore have to work closely with the sectors to discuss those obligations and help them adapt to the new requirements.

I'll turn to Ms. Matos, who can speak to the entire consultation process with the various sectors.

Tina Matos: Thank you for the question.

[*English*]

That's an excellent question. You can see that we have a number of new reporting entities that we welcomed in. My interim director spoke about our supervisory framework and our updates there. The typical approach we take with new sectors is that we engage, we monitor and we enforce.

First, we have to start with engaging to understand the sector, to understand their risks and to make sure they understand their obligations. For a new sector coming in—I'll pick mortgage sectors today—we won't examine them tomorrow. We will engage with them. This is when we use self-attestations, as well, to see if they even know that they need a compliance program. Do they have one or not? We can look at data anomalies within that.

We start the engagement within that, and that enables us to move forward and determine who is the most at risk and to bring them up to par. Then we monitor them over time. Once they have matured enough, we have the ability to enforce should they not be in compliance.

There's a range of tools that we define within that. It's a kind of a structured approach, in which we try to be transparent with them.

[*Translation*]

Daniel Gobeil: On that point, we've talked about the work involved. Ms. Bennett, I believe you mentioned IT investments. We've heard about a number of things.

With respect to workforce capacity and workload, what recommendations would you make to improve and expedite service delivery and reduce backlogs?

Stéphane Sirard: I'll turn to Ms. Bennett, who may wish to add to my answer, but you're right. You mentioned information technology, but we also need to look at how we streamline our various processes and develop new internal tools to speed up the analysis and review process.

[*English*]

Patricia Bennett: As I've already said, adding staff—analysts—who look at the information has provided us with some additional workforce around that and attention to that.

That said, our look at our processes and the tools we currently have has paid extensive dividends over the last couple of years. Even with the addition of reporting entities, report types and new disclosure recipients, we have managed to produce financial intelligence on a regular and climbing basis over the last couple of years, and that pace continues. At mid-year this year, we were on track to meeting or exceeding our production from last year.

Our implementation of tools has always had a phased approach. That was always the plan. I will say we are a bit behind where we had hoped to be right now for various reasons—procurement, supply chains, our cyber-incident and the extensive assessment that we undertook with the bidders—but we have made extensive advancements in the most recent times. We look forward to implementing our new systems later next year.

[*Translation*]

Daniel Gobeil: Thank you.

We've talked a great deal about the FATF report and the Auditor General's report. If you could summarize for me—

The Chair: I'm sorry, Mr. Gobeil, but your time is up.

Mr. Blanchette-Joncas, you have the floor for two and a half minutes.

Maxime Blanchette-Joncas: Mr. Sirard, your organization received approximately $30 million in 2022 to modernize its analytical tools. The Auditor General noted that, as of February 2026, critical analyses were still being performed manually. The report also states that the project may exceed its budget and that the total cost remains uncertain.

I'm trying to understand what's happening. Why has the rollout taken so long? Why have you been unable to establish a budget with a fixed timeline?

Stéphane Sirard: As Ms. Bennett explained, a procurement process was launched in 2022, and it took somewhat longer than anticipated because we wanted to thoroughly assess the various vendors against the capabilities we were seeking to develop, particularly entity resolution and network analysis capabilities. It was important for us to evaluate potential solutions and allow vendors to validate their tools using synthetic data. Naturally, that process took some time. I believe Ms. Bennett also referred to some delays that occurred.

We have the internal tools required to process information. Over the past two years, we've nearly doubled the number of financial intelligence disclosures we produce, not to mention the increasing complexity of those disclosures. We therefore have the tools necessary to manage this information internally. However, we recognize that new IT solutions will enable us to accelerate the process and operate more efficiently.

● (1215)

Maxime Blanchette-Joncas: You mentioned vendors and taking the time to assess the market. I know that you often refer to international standards and that you've spoken extensively about the FATF mutual evaluation report. Yet, according to the Auditor General, you never sought information about a software platform known as goAML, a United Nations system used in more than 70 countries.

Could you simply explain why that option was never considered?

Stéphane Sirard: We followed a transparent and open procurement process that established the relevant evaluation criteria. I believe more than 70 vendors submitted proposals, but the United Nations' goAML software was not among those submissions.

Maxime Blanchette-Joncas: So it's good enough for more than 70 other countries, but not for Canada.

Stéphane Sirard: Once again, in keeping with the Auditor General's recommendation, we will examine that solution. However, our modernization initiative is already well advanced. We will also assess whether that solution can be integrated with our existing systems and tools and whether it meets the various performance criteria.

Maxime Blanchette-Joncas: Who was responsible for comparing the available solutions? Can you share the results of those assessments with the committee?

I'll say it again: You constantly refer to the FATF report, but only when it suits your purposes. When it comes to software solutions, it doesn't seem to apply, but in other areas it apparently does.

Stéphane Sirard: Once again, there are procurement and governance processes that we must follow when acquiring IT solutions. We used an agile procurement approach, but it was nevertheless quite complex because the various vendors, 70 of whom submitted proposals, had to validate their tools using our synthetic data. We are investing in advanced analytical solutions to support future operational requirements. The United Nations could have submitted a proposal based on its goAML platform and demonstrated whether it met the established criteria, but it did not do so.

The Chair: Thank you very much.

[*English*]

Mr. Stevenson, it's back to you for five minutes, please.

William Stevenson: Thank you, Mr. Chair.

Going further along a path similar to the one my colleague from the Bloc started down, you talked about a lot of the processes you have. You talked about how when you have something in the process and you have an investigation, you get through 94%. In your analysis, do you have a calculation of the acceptable amounts that you're missing? A candy store is going to acknowledge when they're doing it. They're going to have some kids who steal some candy. A casino knows that they're going to have cheats.

What analysis does FINTRAC do to say that based on the self-attestation, they're going to catch.... You know that when you get something reported, you're going to process *x* amount, but what do you know about all the ones that you're not missing? It looks like only 3% were getting processed, with responses coming back from law enforcement. Is there any data in regard to what your acceptable levels are for not processing the other information?

Stéphane Sirard: I want to make sure that I frame your question properly, because I think there are a couple of components to it.

There's the self-attestation, and there's the risk-based approach and how we leverage that information, with a combination of other pieces of information, to make sure not only that they are providing the right information but also that we ask whether there are any other red flags or elements that would move us to look deeper into the—

● (1220)

William Stevenson: I'm not really looking at the ones that did self-report. When you're looking at all the billions of transactions that are happening, what you are catching is based on a good portion of the self-attestations rather than your.... You said you increased to 30% what you're proactively looking at, but what's happening with the rest of the information? Do you have any numbers? Have you looked at that, or are you just basing it on what people are sending you?

Stéphane Sirard: Thank you for the clarification of the question.

We're looking at how many reports were actually provided to law enforcement. Again, 62% of our work is what we call reactive and 38% is proactive. It needs a healthy balance. In terms of the proactive work, 25% to 35% is an international norm.

I met with my colleagues at the FIU not too long ago, and I think that's a good proportion. The focus is on the priority investigation. That's why you need a healthy balance.

In terms of the number of transactions we're receiving, in the suspicious transaction report, approximately 20% of those are disclosed in the context of reactive and proactive disclosure. That information makes its way to law enforcement for them to consider.

William Stevenson: I have one more question before we wrap up. You can elaborate on it.

Do you have an update on when you expect the changeover through your processes will be and what the final cost of the addition of new processes and equipment will be?

Stéphane Sirard: I'll turn it over to Patricia, who can elaborate on some of the steps there and address your question directly.

Patricia Bennett: For our modernization initiative, the amount of money that was provided in budget 2022 was approximately $29.8 million. As of October 30 of this year, we have spent $18.8 million of it, and we expect to spend the rest next year. We will have our initial deployment at the end of this fiscal year and our further rollout of the system next year.

Some of the ongoing costs that have yet to be determined are for additional modules or capabilities that we may add to the system in the future. Right now, we're working towards what would meet the requirements we set out in the initial bidding process. Some of that will need to be determined later as far as how we will build on it goes. We've purposely looked at a modular and phased approach so that we can have excellent network entity resolution, better data cleansing and connections made with the data, whereas in the future, we could add on other modules that could also assist in the work.

The Chair: Thank you. That is your time.

We're now going back to Ms. Yip for five minutes, please.

Jean Yip: Thank you, Chair.

The Office of the Auditor General found that two critical processes, entity resolution and network visualization, were carried out manually and often required several days to complete, yet specialized data analysis software was already available on the market and could have significantly increased the efficiency of these processes.

Why were these processes carried out manually?

Stéphane Sirard: I would defer to Patricia, who could elaborate on some of the processes.

Again, as part of our broader modernization effort, I want to state that these are obviously the elements that we're looking at. These are the elements that we've identified as part of our modernization solution. I want to state that the work that's been done by previous analysts on specific entities and so forth can be leveraged in the context of other disclosure aspects.

Patricia, do you want to elaborate on the entity resolution and network mapping aspect?

Patricia Bennett: Thanks very much.

Perhaps to start with the current situation, as you say, and as the Auditor General rightfully points out, many of our processes, more than we would like, are currently in a manual space. That said, we've spent a lot of time over the last 18 months or so looking at all of our processes and adding automation where possible.

We've significantly reduced the amount of manual time that analysts are required to undertake to cleanse and resolve data against each other. We have automatic ingestion of data. We have automatic searching and cleansing of the information. We've used a number of tools, including in our everyday analysis using macros and other items, to increase the ability of the analysts to do their work with less manual intervention.

Going forward, we will do more to reduce that even further.

● (1225)

Jean Yip: Is there any reason that some tasks might need to be processed manually?

Patricia Bennett: We are advancing our tools. The reports are quite complex, and the data needs to be cleansed, so sometimes we have to do that manually. However, the tools that we put in have helped that significantly. Going forward, that's what we'll be focused on so our analysts will have an easier time with that and will be able to get to the analytical work a little bit faster.

Jean Yip: Thank you.

The report said that FINTRAC “did not provide guidance to reporting entities on preventing stereotypes and implicit bias”.

Could you elaborate on this? What action is being taken?

Stéphane Sirard: I'll defer to Tina, who can elaborate on how they work with reporting entities and industry associations to develop guidance.

Tina Matos: The findings are very well noted. We work actively on developing guidance, and we consult with reporting entities on new requirements as we do so. Of course, avoiding bias is also extremely important. As part of this process, we will be undertaking to understand gaps and work with reporting entities.

We have a supervision public-private working group with reporting entities. We also have an advisory committee on money laundering and terrorist financing that we will use to ripen our guidance and consult, and we will use it to engage as well. We have a number of engagement fora that we can use, such as industry days, so we will revise, adapt and engage as needed.

Jean Yip: Could you give me an example of that?

Tina Matos: Of the level of engagement?

Jean Yip: The types of stereotypes and biases.

Michael-John Almon: At the moment, we provide guidance to reporting entities particularly as it pertains to suspicious transaction reports. The information we're providing is about the trends, methodologies and indicators associated with particular types of threats, or particular types of vulnerabilities associated with those sectors. We do not at the moment put in any broader contextual information beyond considering these as objective measures to meet their obligation to report under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act.

The Auditor General's recommendation is that we should consider how we can supplement the information that we're providing to ensure that the information being provided to us is free of subjective elements related to that implicit bias and is based within the indicators and the work that we've done to surface particular criminal typologies.

The Chair: You have about two seconds left, so why don't I hold that for your next round, if that's all right?

Jean Yip: Okay. Thank you.

The Chair: Thank you, Ms. Yip.

I'm going to begin our fourth round, which consists of five members. That won't take us quite to the end, but it will take us close. I've been allowing witnesses to answer questions thoroughly. If that continues, that could take us to one o'clock. There could be a last lightning round of a couple of minutes each. It wouldn't be a full round. I'm going to see how it plays out.

This is the fourth and potentially final round. We'll end on this. It will consist of five members with various times.

Mr. Falk, I understand you're going to begin for five minutes.

Ted Falk: Yes, and I'll be splitting my time with Mr. Mantle.

The Chair: Yes, but I will not manage that.

Ted Falk: No, I'll manage that. Thank you.

Mr. Hayes, I would like to ask you a question that I asked Mr. Sirard. It's in relation to your comment about output versus outcome. I just noticed that the department, in Mr. Sirard's opening comments, included that they had “the highest number and largest amount of administrative money penalties levied in a single year”, as though that is part of the focus of the department in assessing administrative penalties, which would speak to the outputs versus outcomes.

I know that, for smaller financial institutions, FINTRAC compliance is often very burdensome. Is there a focus on the wrong thing? Could you comment on that?

Please leave enough time for Mr. Mantle to engage.

● (1230)

Andrew Hayes: In our report, one of the things that we highlighted is that identifying the outcomes in the reporting is important. How valuable is the financial intelligence produced to law enforcement agencies? What is it resulting in for them? That is an important measure of whether or not FINTRAC is meeting the needs of those organizations.

With respect to monetary penalties, it's really difficult, in the abstract, to say that is an outcome-based measure. Obviously, there are some good outcomes in the sense of detection and future deterrence, but again, without identifying how much work has resulted in outcome-based results, you don't really get a clear picture of what FINTRAC is achieving.

Ted Falk: Okay. Thank you.

Mr. Mantle, go ahead.

Jacob Mantle: Mr. Hayes, you spoke briefly in your response to me in the last round about the Financial Action Task Force report. Mr. Sirard has referred to that numerous times, I would say, in a way to either deflect or counter some of the points that the Auditor General has raised.

Can you comment on your view of what that report says and how it relates to your findings?

Andrew Hayes: I did identify a few of the features that compare with our report. It is important to note that they're different in scope. We are the Office of the Auditor General of Canada. We go in with established criteria. We're looking for efficiency, effectiveness and value for money. We make recommendations that are intended to improve both the service provided by organizations and the outcomes for Canadians.

In the case of the FATF report, I won't speak on behalf of that organization, but what I will say is that peer review reports internationally are very valuable. They provide a bit of a benchmark, but at the same time, the depth and breadth of our two studies are different.

Again, we looked at FINTRAC. They looked at the entire system. Did that allow them to go to the same degree of depth and do the deep dive that we did into FINTRAC? They have some findings that are comparative to ours. They have some other observations for FINTRAC.

I wouldn't want to pit our report against the FATF report. I think that FINTRAC has to address the weaknesses that have been identified in both.

Jacob Mantle: I guess, then, you don't see that report as undermining your investigation at all.

Andrew Hayes: I don't think so at all. I did highlight some of the statements from that report that are consistent with ours. Our work was done before that report was published. There was no intersection between those reports. They were done completely separately, but I don't see it as contradictory. Likewise, I would say that the reports we provide to Parliament and the recommendations we provide to organizations stand on their own.

Jacob Mantle: You mentioned in your response that one of the things you're looking for is effectiveness. To sum up all of my questions, we want FINTRAC to be effective at preventing money laundering, terrorist financing and sanctions evasion. In your view, is FINTRAC effective in achieving those goals?

Andrew Hayes: The Auditor General has clearly indicated that effectiveness has to be improved. It's not effective to the degree that we would expect, and that is based on the criteria that we use from the law. It's based on the criteria that FINTRAC agreed to at the outset of our audit.

On root causes, there's IT modernization that needs to happen, both for the registration and for oversight purposes, but also for the generation of financial intelligence. It is important to acknowledge that FINTRAC is a really important player in protecting Canadians against money laundering and terrorist financing. Canadians deserve an organization that is working as quickly as possible to address these and support law enforcement in their work.

The Chair: Thank you. That is your time.

Mr. Osborne, you have the floor for five minutes, please.

Tom Osborne: Thank you.

I have a question for FINTRAC again.

In the first set of questions, I referred to the Auditor General, and I believe the recommendations from both of these reports are extremely important. Based on the comments by Mr. Hayes just now, I want to give you an opportunity to again address the recommendations of the AG in terms of IT and of more proactive reporting.

I asked you to limit your comments the last time because I wanted to get to the peer review, but perhaps you could elaborate on what your plans are to address those concerns.

● (1235)

Stéphane Sirard: Mr. Chair, in terms of the recommendation of IT modernization, I think my colleague, Patricia, has elaborated on our road map in order to enact the proper system to be more efficient at entity resolution by mapping out our work and being a bit more timely in terms of the production of financial intelligence. Again, I will say that for everything that is urgent and is priority-based, we're able to effectively disclose the information fairly quickly.

In the meantime, we're looking at ways to improve some of our processes. There are different tools that we're able to enact internally to help the analysts process the information quickly. Patricia outlined the fact that we've reduced our timeliness recently, based on those measures. We'll continue to refine our processes.

In terms of the proactive information, I think that's an important feature. As I said, we certainly need a healthy balance between proactive and reactive cases, because the more proactive we are, the less timely we are with ongoing criminal investigations. There's a healthy balance that needs to happen. I think we recognize the fact that providing proactive information to law enforcement helps them identify new networks, subjects that they may not be aware of and new criminal trends and patterns that they may not be aware of. I think that's an important feature. Obviously, we need to strike the right balance.

Tom Osborne: Thank you.

I'll go back to the FATF again.

In terms of Canada's commitment to global security, your primary role is to protect Canadians and Canadian businesses from money laundering, terrorism funding and so on, but there's also a commitment from Canada towards global security, and obviously from other countries towards global security, and we would benefit from the work of other countries and their networks as well.

Can you talk about your organization in terms of Canada's legal framework and the improvements and cross-pollination between FINTRAC and other organizations within Canada and internationally?

Stéphane Sirard: We're seen, certainly, as a global leader in terms of the fight against money laundering. We have over 110 MOUs globally, with international partners, that allow us to exchange information. We also have a certain type of report that most financial intelligence units don't have around the world: the electronic funds transfer report. It allows us, essentially, to follow the money around the world to see where the money goes, and it allows us to request the information from international partners. Once we receive that information, we're able to, obviously, disclose that information to our domestic partners. Again, we are able to provide not only the domestic ramifications of their criminal investigation but also the international ramifications. That's very important.

You mentioned cross-pollination and collaboration. I'm part of a committee called the Canadian integrated response to organized crime. We had a meeting this week. I was there yesterday. It's a group of senior officials from law enforcement, including tax officials and customs, as well as me. We strategize in terms of things like the following: What are the high-level priorities? How should we better coordinate in order to address the imminent threat or the emergent threat? How do we monitor progress towards certain priorities and so forth? These are very important features.

Again, I'll say that one of the key features that the FATF assessment mentioned is that collaboration and coordination amongst the Canadian regime are part of its strength.

● (1240)

Tom Osborne: The report talked about some of the strengths of Canada and some of the strengths of FINTRAC. Can you talk about some of the challenges that the report found as well and about areas where FINTRAC can make improvements?

Stéphane Sirard: Mr. Hayes alluded to the fact that, certainly for financial intelligence, the FATF outlined that improvements are required in terms of the timeliness for non-urgent cases. Again, in terms of what is urgent and what is a priority, they recognize that we're quite efficient that way and that we're able to shift our focus to address the imminent priority. That's certainly one aspect.

When you look at the overall aspect of the regime in terms of beneficial ownership, you'll see there's a lot of improvement that has taken place within Canada. At the federal level, we have a registry, but at the prevention level, I think there needs to be a lot more information. Again, beneficial ownership information is crucial and critical, even for us to be able to establish a broader network and understand the connection between companies and beneficial owners and so forth. That allows us to provide a broader picture to law enforcement more able to exploit the information. That's another area where I think improvements are certainly needed. In terms of law enforcement, asset seizure and prosecution, I think some gaps were highlighted. It's certainly not a perfect regime. I think it's an efficient regime, but one that will require some improvement.

Compared with international peers, I think we have a very good assessment in terms of the regular monitoring and regular follow-up. This means we have to report back every three years, but that's a very good assessment. I don't consider this a passing mark. I consider this a very good mark. They look at the overall effectiveness. That's the critical piece here: that they assess the effectiveness. Again, it's outcome-based. They will look at those aspects.

The Chair: Thank you. That is your time.

I'm going now to Monsieur Blanchette-Joncas.

[*Translation*]

I will give you three minutes, because I don't think we will have time to give you the floor again.

Maxime Blanchette-Joncas: I will continue with Mr. Sirard, in that case.

You present FINTRAC as an organization committed to excellence. Yet it took 17 months after the cyber-incident in March 2024 to establish a dedicated team to address the backlog of registrations. It took 17 months. Does that timeline meet the management standards that you expect from your executives?

Stéphane Sirard: Thank you for your question.

I'll turn to Ms. Matos because I think some clarification is needed regarding that information. Ms. Matos will be able to speak to the various measures put in place to address the backlog.

Tina Matos: Thank you for the question.

[*English*]

As a point of clarification, are you referencing the backlog in money services businesses?

[*Translation*]

Maxime Blanchette-Joncas: As you have just mentioned, it took 17 months to establish a dedicated team to address the backlog. I'd like to understand why it took 17 months.

As you answer that question, perhaps you could also clarify another point. In April 2025, you allowed reporting entities whose registrations had expired, presumably because of the backlog, to continue operating while their applications were still awaiting approval. In your view, did that not introduce security risks?

[*English*]

Tina Matos: In April 2025, we did take the decision, as an efficiency notice, to allow MSBs already registered and seeking renewals within the period of time when they remained registered to continue operating until we approved them.

We took that as a risk-based decision because they were already registered. They were already in the perimeter, and we were able to monitor them as well. That was the decision. We didn't want to impact legitimate businesses in terms of continuing to operate.

[*Translation*]

Maxime Blanchette-Joncas: Since then, how many of those reporting entities have been reviewed, and how many were found to be non-compliant?

That's a fair question, isn't it?

Tina Matos: We've almost eliminated the backlog—

● (1245)

Maxime Blanchette-Joncas: I'll stop you there. I understand that you may not have the answer to my question at hand, but I'd like you to clear up this mystery for us. How is it that it took 17 months to establish a dedicated team to address the backlog? Does a 17-month delay meet the standards of an organization that is committed to excellence?

Stéphane Sirard: I'll turn to Ms. Matos because I think she will be able to provide more details, but I'd like to make one point. Yes, the focused backlog reduction effort took place after 17 months, but there were other targeted efforts and resource reallocations before then. That is the clarification she can provide in response to your question.

[*English*]

Tina Matos: Yes. Thank you, Director.

The special team referenced in the report was one team, but to add more context, it's the second team that we set up. We set up one targeted blitz from June 2024 to January 2025, and we had things under control.

As I referenced, the intake was going up so substantially—doubling—that the backlog started again. At that point, I took the decision to reorganize the team, to double the resources and to put in place the special team. When the Auditor General came in, they saw the special team, but it was essentially the second special team.

[*Translation*]

The Chair: You may continue very briefly.

Maxime Blanchette-Joncas: I'm simply trying to understand. Under normal management practices, does it take 17 months to establish a dedicated team? Does it take six months? Three months? How many months would it normally take? Do you not have standards for evaluating and measuring the performance of an organization committed to excellence?

Stéphane Sirard: Based on the approach Ms. Matos implemented, an initial team was established when the systems became unavailable. At that time, a dedicated team was put in place to manage the volume of information. Ms. Matos indicated that resources were subsequently reallocated within the organization. Later, when the backlog began to grow, she established a second team.

It's important to understand that there were several phases and that multiple measures were implemented over the course of those 17 months. While another team was indeed established 17 months later, as Ms. Matos explained, an initial team had already been in place, and resources had been reallocated to address both the backlog and the increase in demand.

The Chair: Thank you very much.

[*English*]

We'll go to Mr. Hallan next, please.

You have five minutes.

Jasraj Hallan (Calgary East, CPC): Thank you, Chair.

Mr. Sirard, thank you for being here.

According to the AG's report, half the people surveyed said that the intelligence arrived too late. According to the report, it takes about four months for intelligence to get to investigators. Do you find that to be acceptable?

Stéphane Sirard: Again, as I said before, I think that's information that even the Auditor General mentioned is not statistically valid. That's a piece of information that we need to—

Jasraj Hallan: They've claimed that it's four months. Where are you guys at?

Stéphane Sirard: As my colleague, Patricia, mentioned earlier on, we're currently standing at 90 days, but again, I want to stress that for—

Jasraj Hallan: Mr. Hayes, can you please clarify what the difference is?

Andrew Hayes: Yes. Thank you.

Our report is based on examinations between the period of January 1, 2023, and February 28, 2026. If FINTRAC has cut its time to produce financial intelligence during the period since February 28, 2026, I wouldn't be able to comment on that, but as of February 28, 2026, it was about four months.

Jasraj Hallan: Okay.

Mr. Sirard, can you confirm that the timelines have improved since then? Is that what you're saying?

Stéphane Sirard: That's what I'm saying. Absolutely.

Jasraj Hallan: Do you have any information on whether previously, or even recently, the 90-day timeline hindered or stopped a prosecution or investigation from happening because getting the information to the investigators took too long?

Stéphane Sirard: I don't have information to that effect. What I said earlier on is that when there's an ongoing investigation and the investigator needs the information for a production order or, as you mentioned, there are court appearances and so forth, we will adapt our timeline.

Again, we have very strong communication with law enforcement agencies. We have team leaders who manage those relationships across Canada with various partners.

Jasraj Hallan: I have very limited time, and I want to get to another question.

The AG found that three levels of approvals slow down the release of intelligence. Section 55 of the PCMLTFA doesn't require three approvals.

Can you tell us who put this process in place and why it is still being followed? Answer briefly.

● (1250)

Stéphane Sirard: Again, it's important that.... We're entrusted with a lot of information. One of our core mandates is the protection of that information, and we have strict standards and guidelines for what we can disclose and when we can disclose it. We have to meet the reasonable grounds to suspect threshold before we disclose information to law enforcement.

Again, that—

Jasraj Hallan: Why not improve that?

Stéphane Sirard: We're certainly looking at ways for the approval process, but it's important that the information that gets disclosed to law enforcement meets certain strict standards, hence the reason that we have three levels of approval.

Jasraj Hallan: Chair, I would like to move a motion. I move:

> That, in light of the Auditor General's October 2026 report finding that FINTRAC failed to effectively fulfill its core mandates, and testimony that the Minister of Finance's office had not contacted FINTRAC's interim director following the report's release, the committee invite the Minister of Finance to appear for no fewer than two hours, within 21 days of the adoption of this motion, to explain:
>
> 1. When the minister was first made aware of FINTRAC's operational failures;
>
> 2. The lack of engagement by the minister's office following the Auditor General's findings; and
>
> 3. What actions the minister intends to take to address these failures and ensure accountability at FINTRAC.

Given the testimony that we've had at the committee today from FINTRAC, the office of the AG and Mr. Hayes, I think it's very important that we have the finance minister appear at this committee to answer for the failures that have obviously hindered Canada's being able to defend against money laundering. We see that through the numbers.

At a number of other committees, we've actually had finance department officials and law enforcement agencies tell us either the laws are not effective or the tools are not there, which shows a failure by the government.

The Chair: Thank you.

I have just a couple of housekeeping points.

The floor will go back to you because I interrupted you, Mr. Hallan.

My first point was going to be to ask whether you had sent the motion to the clerk in both official languages, but it has been done, because I see there's a sheet that has gone out to members.

I also see that hands went up very quickly, so I'm going to excuse the witnesses and thank them for coming in today. I can tell from the list already that we're going to go over the time. Witnesses, should we wish to have you back, we will let you know, but for now, I will thank you and excuse you. If you could leave gently and quietly, we will continue this meeting.

Mr. Hallan, the floor is yours again.

I have a speaking list, if members want to get on it.

Jasraj Hallan: As a former member of the finance committee, I will just add that the former finance minister, Chrystia Freeland, actually wrote a letter to that committee years ago. She wanted to have a review of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act done. It's required. Multiple times the Liberals in that committee blocked that from happening. They didn't even let that study happen.

We hear more and more testimony—and hear and see in the news all these stories—about how much more money laundering is happening under the Liberals. Some of the officials actually said previously that, in the last 10 years under the Liberals, Canada has become a safe haven for money launderers and that our rules are not effective. We know that the soft-on-crime approach by the Liberals has let that happen.

I think it's very important that we call the minister to committee and ask when the PCMLTFA is going to be reviewed and updated. Those things can catch some of the updated ways in which criminals are money laundering and in which crimes are being committed.

I hope that the Liberals won't block this one as well. We need some accountability from the minister, who has obviously failed on this file.

I'll leave it at that, Mr. Chair.

The Chair: Thank you very much.

Mr. Mantle, I have you next as a speaker.

● (1255)

Jacob Mantle: Thank you, Mr. Chair.

I thank my colleague for bringing forward this motion, which seeks to invite the minister to answer questions about FINTRAC's operational failures as well as what we heard today, which was the quite revealing testimony that the minister, as far as I heard from the testimony, is not even aware of the audit report, unless he or his staff read the publication. We did hear, though, that they were offered the ability to receive a briefing on this in advance of the public disclosure, and I'm surprised that the minister would not take the Auditor General up on that.

This is a core agency under the auspices of the Minister of Finance. We know that money laundering, terrorist financing and sanctions evasion are problems in Canada. They've been ongoing problems for a decade. That's why Canada has a bad reputation in the financial world for this. That's where the term “snow-washing” came from. We've had several reports from commissions that have looked at this. The most recent one in my mind is from B.C., in 2022, I think, where they looked at this, yet we still continue to have this problem. The testimony today on the Auditor General's report confirms that FINTRAC is not doing its job. It's unbelievable to me that the interim director of FINTRAC would come here and say that they don't accept the findings of the Auditor General.

No one is suggesting that all federal agencies need to be perfect all the time or need to never have issues. They're always going to have issues, especially when it comes to something as complex as financial crimes, which FINTRAC deals with. However, as a lawyer, I've been reading Auditor General reports for over eight years, and this is one of the worst ones I've seen, where the Auditor General comes out and says that the two things that an agency is responsible to do they're not doing effectively.

In this case, it's ensuring compliance with Canada's anti-money laundering laws and terrorist financing laws and providing actionable financial intelligence to law enforcement in the form of proactive intelligence, of collecting information from financial institutions or other regulated bodies. I've been a part of filling out some of those forms, and it was pretty disappointing to hear that these reports I've been filling out seem to go nowhere and mean nothing, because they're not actioned quickly enough to be meaningful for any of the law enforcement receiving these reports.

On the proactive side, they're failing. Then, on the reactive side, as the Auditor General pointed out, they're becoming less reactive over time. Over the period of the audit—I forget the exact numbers—they declined from in the area of 30% to the low 20%—23%—of being reactive. They're failing at their two core mandates of enforcing the law and providing law enforcement with actual intelligence. They come to committee and basically say that everything's fine and they have this other report that looked at something different that the Auditor General doesn't agree with and say it actually confirms her findings. I find that very stunning.

Frankly, I think the interim director should have come here and said, “We accept the findings. We're going to try and make things better. Here's how we're going to do that.” Instead, they came in and tried to fight the Auditor General's findings and to say that some of their findings weren't statistically significant, when the Auditor General's representative here responds that, actually, their sample size was 36% of respondents, and FINTRAC's own sample size on the same data point was 3% of respondents. I'm not sure how FINTRAC's interim director can criticize the Auditor General's sample size on that.

That leads to this motion, because it's important to have the minister, who's ultimately responsible for FINTRAC, come here. The minister writes a mandate letter to FINTRAC setting out what they should be doing in each session. The minister is the one who is ultimately responsible for FINTRAC, and it seems like the minister is asleep at the wheel, because FINTRAC is failing. The buck has to stop somewhere. The director's term, as we heard, ended. We have an interim director who is still responsible to the Minister of Finance.

● (1300)

I think the Minister of Finance needs to come here, accept responsibility for the Auditor General's findings, tell us when the minister or his office started to find issues with FINTRAC and say what actions he's taking to address those or what directions he's giving to FINTRAC to address those. To my mind, it was particularly concerning to have a report tabled by FINTRAC in Parliament, to all parliamentarians, saying things that were diametrically opposite to what the Auditor General found.

As the testimony today said, FINTRAC knew about the Auditor General's findings in February of this year. They nevertheless proceeded to table a report to Parliament that provided parliamentarians with a completely different picture of their operations. That is tantamount to misleading Parliament. You cannot table a report that says your information is working or actionable. They say that 97% of their information was actionable in their report to Parliament. That was opposite to the Auditor General's finding. How can you table a report that says one thing when the findings they already had in their hands said the opposite? That is tantamount to misleading Parliament.

The minister has to come and be responsible for that. It's his agency. We would like him to appear and spend some time answering some questions from parliamentarians about that—especially that. Overall, yes, FINTRAC failed in its mandate. Yes, FINTRAC is not doing what it's supposed to be doing. But to my mind, misleading Parliament is as serious as the failure of FINTRAC.

That's just on the two core responsibilities. There are several other issues that FINTRAC is failing at. Their IT modernization, we heard again and again and again, was an issue for why they're failing. It was astounding to me that when the Auditor General looked at this—I believe the Auditor General's report said they had spent $13.3 million out of a $29-million or $30-million budget—they had not delivered any IT modernization or a new program.

At the same time, as my Bloc colleague's line of questioning effectively pointed out, there was an international program used by 70 countries for AML that could have been implemented. I don't have the numbers right in front of me, but I think it was something like $250,000 U.S. That could have been used. Instead, we spent $13 million and we have nothing. We could have bought off the shelf for $250,000, at least to use in the interim. That was the Auditor General's view. At least you could use that in the interim and be doing better than a manual system, which FINTRAC is doing now.

The Chair: May I interrupt? The floor is still yours. I'm just starting to get side looks.

I've asked for extra time. I'll go back to Mr. Mantle, because the time is his, but I'd like at least to canvass the room, if possible. I do have several members from the Conservative side and then some government members who want to speak. That's where I'm going to go.

Mr. Mantle, you have the floor.

If you have a point of order, Ms. Yip, I will hear it. Is it a point of order?

Jean Yip: Yes. I would just ask for a brief suspension for a health break.

The Chair: I can do that.

I'll suspend for two to three minutes, but then I'll come back to Mr. Mantle.

Thank you.

● (1300)

_____(Pause)_____

● (1305)

The Chair: I call this meeting back to order.

Mr. Stevenson, you have the floor, please.

Sorry. I said I would go back to Mr. Mantle.

Pardon me.

Jacob Mantle: Thank you, Mr. Chair.

I'll just finish my point about IT modernization. They spent $13.3 million—I think that was the number—and we don't have any modernized IT. In fact, we still have manual processes because they have not recovered from their 2024 cyber-attack. We still have an unknown amount of money that will be spent on a new IT system, even though we have an off-the-shelf system that could be used, at least in the interim, until they complete whatever system they would like. It would be for a fraction of the price, and it's one that we know has a proof of concept. Seventy countries use it, and not just small countries, as the Auditor General noted, but also large countries, such as Germany—I think that was one—and countries that have sophisticated financial sectors, such as Switzerland. There's really no excuse for not using it.

In summary, we have a critical financial agency failing at its mandate to enforce anti-money laundering laws, anti-terrorist financing laws and sanctions-evasion laws and failing at its mandate to generate actionable financial intelligence for law enforcement. The result is that, as the Auditor General pointed out, FINTRAC is limited in its ability to detect and deter money laundering, which is the whole purpose of its existence.

To cap it all off, we have an agency that refuses to accept those facts. If the agency refuses to accept those facts, we have to go to who's responsible for that agency. That's the Minister of Finance. That's why this motion invites the Minister of Finance to come and answer questions about the Auditor General's report, about the failures at FINTRAC and about what he and the Liberal government are going to do to improve Canada's anti-money laundering system and make sure that FINTRAC works for Canadians.

● (1310)

The Chair: Thank you, and I apologize about that.

Mr. Stevenson, you have the floor.

William Stevenson: Thank you, Mr. Chair.

I once had a statistics professor who said that there are lies, damn lies and statistics. Quite often, I want to evaluate some of the information based on what percentages and statistics they are pushing out. Obviously, today we saw that there was a difference between a couple of the reports the Auditor General had and what FINTRAC wanted to promote with its international evaluation.

I thank my colleague for putting this motion forward. I think it's very important that we talk to the Minister of Finance and get his perspective, as the Auditor General said that they didn't look at the report. I hope that between now and the time when the minister comes to the committee, he has a fulsome analysis of that report and talks to both the department and the Auditor General. Then he can give us his explanation as to where he thinks he can go in the future to improve what we have.

We've talked about how there's a problem with modernization. We didn't have an exact timeline. We talked about how they had to double up some of their teams because they have a lot of backlogs. For a good portion of that, the minister has to come and say how he is going to help FINTRAC get back on track and what he is going to do to make it responsive and protect Canadians from the problems we have with money laundering.

Just to conclude, I'll say that I am very much in support of the motion to have the Minister of Finance come to answer some questions and help us move along the problems we have with FINTRAC.

The Chair: Thank you.

I'll now hear from Mr. Falk, and then I'll go to Mr. Osborne.

Ms. Tesser Derksen, I have you on the list as well.

Mr. Falk.

Ted Falk: Thank you, Mr. Chair.

I want to speak to the motion that Mr. Hallan moved.

I think it's a very necessary motion, based on the evidence that we've listened to at committee today. We had the interim director of FINTRAC here with his deputies, as well as Mr. Hayes from the Office of the Auditor General. There was a significant divergence and disconnect between the information we received from the Auditor General and that of the FINTRAC folks.

I was on the audit committee about 12 years ago, and I'm new to the committee in this fall session. This is the first time that I've been at a meeting where a department has come in after having gone through an audit by the Auditor General as part of a spring or fall report and taken the posture of criticizing the report and not recognizing or validating the findings within it. I've never before seen that at this committee.

I was quite surprised at the posture they took. In fact, they kept referring to an international report or evaluation that was very different than an Auditor General audit and used completely different metrics. They kept referring to that when, in my opinion, they should have been referring to the report that we were discussing here at committee.

We know that the finance minister is the one tasked with and responsible for the oversight of FINTRAC. That falls under his purview. I think to ask the finance minister to come here and explain his position on the findings of the Auditor General's report and whether he agrees with his department officials and their disagreement with the findings is important.

The information we got from the department was that the finance minister didn't care to receive a briefing on the report. We have to determine whether that, in fact, is true, and I think the only way to do that is to have the Minister of Finance here to directly ask him those questions.

That's why I'll be supporting this motion.

Thank you, Mr. Chair.

● (1315)

The Chair: Thank you.

Mr. Osborne, go ahead, please.

Tom Osborne: Thank you.

This is an attempt to try to build a bridge and resolve the motion we have before us. There are a couple of things.

We've had some legislation recently that dealt with some of these issues, in particular Bill S-8, an act respecting certain measures relating to proceeds of crime, terrorist financing, sanctions evasion and the detection of non-mailable matter transmitted by post. That bill specifically deals with the issues identified in this motion and the Auditor General's report. It would be an opportune time to ask the minister questions when he appears on Bill S-8.

I will point out that the 21-day deadline is challenging. The budget is coming down today, so 21 days is not reasonable.

In an effort to try to support at least part of this motion, I am suggesting a couple of amendments. One is that we strike “within 21 days of the adoption of this motion”. The second amendment that I propose is that after “the committee invite the”, we insert “Deputy Minister of Finance”. The Minister of Finance will be appearing on Bill S-8. We can have the deputy appear before this committee to answer these questions.

I would ask that we look at these two amendments, and perhaps we can proceed.

The Chair: Can I take them in reverse order, Mr. Osborne? I understand your concerns about the 21-day notice with respect to the minister, but your proposal to substitute the deputy minister for the minister removes that pressure. We can still address it, but can we deal with the deputy minister first and then the timing? Would you agree to that?

Tom Osborne: Certainly.

The Chair: Thank you.

I'm going to start a new speaking list. I'm going to retain the old one. I saw Mr. Hallan first, and I'll look for others. This is to speak to the amendment to replace “Minister” with “Deputy Minister”.

The floor is yours, Mr. Hallan.

Jasraj Hallan: Thanks, Mr. Chair.

Thanks to Mr. Osborne for the amendments.

The issue in my experience from before has been.... For example, in one case, it took years for Chrystia Freeland to show up to the finance committee. In fact, we even had a hashtag at that time—#FindingFreeland—because she took so long and refused to come to the committee. The current minister, in my opinion, could do a better job of showing up for certain bills.

Mr. Osborne made a comment about the budget being dropped, but the work is done. The department did the work, and it's going to be presented to us today, so the finance minister has all the time in the world to come and present here.

As we know, this is a different issue from what Bill S-8 is addressing. This is specifically about the AG's report, and I think it's important that he comes and testifies on that and gives us an update on when we can expect the Proceeds of Crime (Money Laundering) and Terrorist Financing Act to be updated and reviewed.

As far as removing the dates goes, I'll go back to my first comment: It took years for that finance minister to show up to the finance committee. Given the track record, it's a little hard to believe that without a timeline, the finance minister would show up. Ultimately, the finance minister is the one responsible for FINTRAC and for the failures of FINTRAC. That's why it's very important for Canadians that the finance minister, the person who's in charge, comes and answers for the failures that the AG has identified in her report.

I think we should keep the motion as is. We included a timeline because we know that without one, they will just ignore it. That has been my experience. I hope the Liberals will support that.

Thank you.

● (1320)

The Chair: Thank you. You were brief. I was going to nudge you to back off the timeline, because we're only dealing with the first motion, which is to replace “Minister” with “Deputy Minister”.

Mr. Blanchette-Joncas.

[*Translation*]

Maxime Blanchette-Joncas: Thank you very much, Mr. Chair.

I support the motion. I'm also open to the suggestion of hearing from the deputy minister, but I don't believe the minister should be excluded.

At its core, the motion seeks to determine what directions and instructions were provided by the minister. In addition, we want to know whether the minister was informed of certain issues within FINTRAC. Replacing “the minister” with “the deputy minister” would remove precisely the individual whose decisions we are seeking to examine. Ministerial accountability is a fundamental principle of our parliamentary system. I think that goes without saying.

The other point is that the issues identified go beyond a simple technical problem. As I mentioned, comparable deficiencies had already been identified in previous reports of the Auditor General of Canada dating back to 2004. We must therefore determine how those warnings were monitored and what information was brought to the attention of the current minister.

Furthermore, the Auditor General concluded that FINTRAC had not effectively fulfilled either of its two primary responsibilities. I believe that finding, in itself, warrants accountability from the minister responsible for the file.

I therefore believe that the deputy minister could also be invited to appear, as they may be able to provide additional information regarding the administrative measures taken within the department itself. However, it's essential that the minister appear to inform us concretely of what was reported to him and what directions he provided to members of his team.

The Chair: Thank you very much.

[*English*]

Mr. Osborne, do you have any closing remarks? If not, I'm going to move to a vote.

I am seeing nothing else on this.

(Amendment agreed to: yeas 5; nays 4)

The Chair: The motion has been amended to invite the deputy minister.

Mr. Osborne, I see your hand.

I'm going to go back to Mr. Osborne on his second amendment. I want to see if it's still necessary.

If you're agreeable, we could keep the deadline recognizing that the chair will work with the department to find a time that is suitable for the deputy minister, within reason, but it does signal an urgency. It's your amendment and you can move it. It's always helpful to have a deadline.

The deputy minister, to Mr. Hallan's point, is not involved with the budget show across the country. I know his duties continue.

I'll let you reflect on that and get your comments on that. We can move on or you may feel the need to amend the timing.

● (1325)

Tom Osborne: I'm still looking to put this amendment forward. We have both the deputy minister and the minister. While the budget is coming down today, the work does not stop on budget debate, preparing for legislative duties around the budget, budget debate committees and so on.

Yes, I will maintain the removal of the 21-day requirement.

The Chair: Very good.

I have a new list. I see Mr. Hallan put his hand up very quickly.

Jasraj Hallan: I will make a suggestion, Chair.

As I said, a minister of the Crown is ultimately where the buck stops with the issues that we're seeing in the departments. Since the Liberals are blocking the finance minister from coming, I would like to suggest that we include the secretary of state for democratic institutions to show up to answer for the failures because, again, cabinet is where the buck stops. If they're not happy with the—

The Chair: I'm going to interrupt.

That is out of order right now, but you're welcome to bring it up down the road. We're debating on Mr. Osborne's time. I appreciate your comments, though. I will come back to you shortly.

I'm looking for any debate around the issue of removing the 21 days to appear.

Go ahead, Mr. Mantle. Mr. Stevenson is after that.

Jacob Mantle: Thanks.

I would tend to agree with the chair's comment that without a date, this will just go into the ether. Perhaps that's the intent of that amendment. I can't speak to the intent; only the mover can.

Without a date, there's no way to compel the deputy minister to attend without further action by the committee, which the Liberal majority will block. If they are sincere about having someone come and speak to this issue, which I think is undeniably an issue, we should have a date.

Mr. Osborne said his initial reason for removing the 21 days was the Minister of Finance. If we are no longer requesting the Minister of Finance, then I would put it back to Mr. Osborne to suggest what a reasonable date is. Maybe it's not 21 days. Maybe it's 41 days—I don't know.

The Chair: I'm going to interrupt. I'm going to put it to you to do that, because this is Mr. Osborne's amendment. I don't believe you can amend your own amendment to the motion. If you would like, you can suggest a date before Christmas, maybe 42 days. I'll leave it up to you, but I would urge you to do that, just for the sake of expediency.

Jacob Mantle: What I'll do, Mr. Chair, is yield my time, go back on the list and hear comments from the other side on what they think is reasonable. Then I'd be happy to move a motion in that respect.

The Chair: Would any government members like to address that? If not, it goes back to Mr. Mantle.

Go ahead, Mr. Hallan.

Jasraj Hallan: Chair, I think we need to put a deadline on this. I'll just throw out a suggestion. We'll keep it open for the department to decide. How about we give them a deadline of before December 11?

The Chair: We have a subamendment to the amendment, which is to modify the 21 days to—

Jacob Mantle: Why don't we hear what they think?

The Chair: We will in a second. I see a couple of hands going up there.

The subamendment is to change it to no later than December 11.

Technically, Ms. Tesser Derksen was first, but it looks like she's yielding to you, Mr. Osborne.

Tom Osborne: I understand the concern of the members opposite. If there's no timeline, there's no sense of urgency. Again, I will say that there's still a great deal of work to do around the budget, even though the budget is coming down today.

In trying to accommodate and understand the concerns of the members opposite, knowing that there is a break in December, I would ask if they are okay with 60 days. It does put a timeline on it. It does put a sense of urgency to it, but it also respects the fact that there's still a great deal of work to do around the budget, preparing for the legislature and so on.

● (1330)

The Chair: How do you feel about that?

Go ahead, Mr. Hallan.

Jasraj Hallan: Chair, if it's 60 days from today, we would be okay with that.

The Chair: All right. Just because we're down the rabbit hole, I'm going to look for unanimous consent to amend it to 60 days. Is there any objection?

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

The Chair: All right. It is now 60 days.

Go ahead, Mr. Hallan.

Jasraj Hallan: As I was saying before, I want to see if we could amend it to have Wayne Long here, the secretary of state for democratic institutions—sorry, financial institutions—because it is important to have someone who sits at the cabinet table so that a minister can answer for the failures and the buck stops right there.

The Chair: I'm going to come back to you on that. I appreciate that.

I have a speaking order, and Ms. Tesser Derksen was next.

Kristina Tesser Derksen: Thank you Mr. Chair. Actually, I'm going to address the amendment.

I'll stand corrected, but I'm not sure how the secretary of state for democratic institutions is involved in this file.

The Chair: He corrected himself. He said it's Secretary of State Wayne Long.

Jacob Mantle: He's the Secretary of State for the Canada Revenue Agency—

The Chair: Yes, and of financial institutions. That's his title.

You were on the speaking list, Ms. Tesser Derksen. Is that it?

Kristina Tesser Derksen: It's okay.

The Chair: Okay. I'm going to go back to Mr. Mantle, then.

[*Translation*]

Mr. Blanchette-Joncas, did you indicate that you wished to speak?

[*English*]

You're saying no.

Mr. Mantle, you have the floor.

Jacob Mantle: Thanks.

Again, I'm looking to hear comments from the other side on this.

I think having the deputy minister is good. It will speak to the operational side of things, but FINTRAC is responsible statutorily to the minister. Understanding that the minister is a busy guy, and that's why we have secretaries of state and parliamentary secretaries, I think it is a reasonable accommodation for one of them to attend. It gives them time to be briefed on the matter.

If the deputy minister is not coming for 60 days, then obviously we wouldn't expect the secretary of state to come any earlier than that. That wouldn't make sense. That should provide sufficient time to be briefed on this and then be prepared to answer questions.

That seems to me a reasonable middle ground on the minister, but it also ensures that somebody is here who is actually accountable to Parliament and to Canadians in a way that a bureaucrat, even though they may be senior, is not, because the deputy minister is also ultimately responsible to the minister and not to Parliament in the same way that the secretary of state or the minister himself would be.

The Chair: Thank you.

I have an amendment to the motion as amended, which is to include Secretary of State Wayne Long.

Are there any other comments on this?

Tom Osborne: Are we going to vote on the 60 days first?

The Chair: No. I asked for UC on that. There were no objections to it, so the amendment for 60 days is done.

Call the roll, please, Clerk, on the addition of Secretary of State Wayne Long.

(Amendment negatived: nays 5; yeas 4 [*See Minutes of Proceedings*])

The Chair: Go ahead, Mr. Hallan.

I'm looking for speakers to speak to the motion as amended before we move to a vote.

Jasraj Hallan: Thank you, Chair.

Again we see that the Liberals have blocked another minister from coming and taking accountability for the failures that have been addressed by the AG.

We're going to give this a third try. We're going to try to have another somewhat accountable person in the government come to committee.

We would like to amend the motion to have the Parliamentary Secretary to the Minister of Finance, Ryan Turnbull, show up so that someone from the government can try to take responsibility for its failures. That is how we would like to amend this motion.

● (1335)

The Chair: We now have an additional amendment to the motion as amended. It is to include the parliamentary secretary to the finance minister.

Are there any speakers on this amendment?

Mr. Mantle.

Jacob Mantle: Thank you, Mr. Chair.

Moving down the line in responsibility, we invited the minister. The Liberals said, no, the minister can't come and be accountable.

Let's invite the secretary of state, the next in line for responsibility. The Liberals said, no, we can't have him come and be responsible.

Let's go to the next one, the parliamentary secretary. We'll see if the Liberals will have him come and be responsible.

If they vote no on this, maybe they themselves could suggest someone in the government who's responsible for FINTRAC, because after these three, I'm not sure. Should we just invite Liberal members of Parliament to attend? Who else should be responsible? If it's not the minister, if it's not the secretary of state and if it's not the parliamentary secretary, then I put this question to my honourable colleagues: Who is responsible for FINTRAC?

The Chair: Mr. Osborne.

Tom Osborne: Mr. Chair, I always try to be reasonable and build bridges. We are providing the most senior public official in the Department of Finance. It removes politics.

If the goal of members opposite is truly to get answers and to not play politics, the deputy minister of finance is the most senior official. I am satisfied that any answers that members opposite have or want answered will be answered by the deputy minister.

The Chair: Thank you.

[*Translation*]

Mr. Blanchette-Joncas, you have the floor.

Maxime Blanchette-Joncas: Thank you very much, Mr. Chair.

In response to my colleague's remarks, I would say that our requests are reasonable. Asking that an individual who is a member of the government and who provides direction, including to deputy ministers and others working within a department, appear before a committee is normally considered legitimate in a democracy.

First, the government prevented the minister from appearing. If the minister makes decisions, then surely he must bear some responsibility for them.

Next, my colleagues didn't agree to hear from the Secretary of State (Canada Revenue Agency and Financial Institutions).

Now we're asking to hear from the Parliamentary Secretary to the Minister of Finance and National Revenue, and apparently that, too, is asking too much.

So I have to ask: What purpose do these individuals who work within the government alongside my colleagues here today serve if we are unable to question them about their actions? In that case, let's stop hearing from ministers, let's stop hearing from secretaries of state, let's stop hearing from parliamentary secretaries and simply have the machinery of government run by members of the public service. That is more or less how I interpret what I am seeing from my colleagues today.

I find that unacceptable. I believe in a healthy democracy, and that rests in part on a fundamental principle known as ministerial accountability, indeed governmental accountability.

Today we are once again seeing the government use its majority to prevent opposition parties from requiring genuine accountability. Today on November 5, I'm experiencing that here at the Standing Committee on Public Accounts, and I experienced it less than 48 hours ago at the Standing Committee on Science and Research. I will give that example, if I may. On three occasions, I requested that ministers be invited to appear, namely the Minister of Public Safety, the Minister of National Defence and the Minister of Transport, and each time there appeared to be resistance.

So why is it that government members don't want their colleagues to appear before us and explain the decisions they've made? I think it's entirely appropriate to ask, and I don't believe there's anything illegitimate about doing so.

Once again, I believe my colleagues have also demonstrated some openness with respect to timelines, and alternative proposals have even been put forward. Nevertheless, I would urge my government colleagues to recognize the serious drift that is currently taking place. When ministers can no longer come before a committee to explain the rationale for their decisions, that is a serious matter.

I would draw what I consider to be a troubling parallel. It's been clearly demonstrated that public trust in our institutions is not increasing. It is declining; eroding. In my opinion, that is due in concrete terms to actions such as this, where the government publicly refuses to be transparent and simply explain what occurred in a matter important enough to have been the subject of a devastating report from the Auditor General of Canada. When the Auditor General tells us that an organization charged with carrying out a mandate isn't even capable of doing so effectively, serious questions must be asked.

Today, we heard from the head of the organization, who showed considerable fortitude in appearing before us, but I have questions about the basis of his remarks. He stated that he disagreed with the Auditor General's conclusions because, in his opinion, the appropriate performance benchmarks were those found in another report dealing with international standards. It's almost as though he is suggesting that the Auditor General was assessing the wrong things. I do not agree with that.

The other point I have made, and which I wish to reiterate for my colleagues and for the public, is that these problems have existed for a long time. I will conclude on that note. In 2004, there were concerns about delays in transmitting information. Today, 22 years later, we're still facing the same problems.

At some point, those problems have to be resolved. To do that, however, the people responsible for making decisions to address them must be able to come before us and explain what's happening within the machinery of government.

● (1340)

The Chair: Thank you very much, Mr. Blanchette-Joncas.

[*English*]

Mr. Mantle, I have you down.

Jacob Mantle: Thanks.

Just briefly, I take Mr. Osborne at his word. I've not been on a committee with him, and I appreciate his trying to “build bridges”, in his words.

I do take a bit of issue with his idea of playing politics. I know that we do a lot of that in this place. I'm sure both sides could admit that, but my response is that I think you can have a member of the government appear for accountability purposes without it becoming entirely political.

Also, part of what we do is political, because we are elected to be responsible. I don't think those two things are incongruous. You can have someone who is a member of the executive, a member of the government, come and be responsible. That doesn't necessarily mean that everything will be political around it, especially in the case of this type of report, where, really, we want to know what's going to be done at FINTRAC.

As I said—and I was honest in my comment—I've never seen an AG report quite this bad.

You can shake your head all you want, Ms. Derksen, but—

Kristina Tesser Derksen: You haven’t read many reports, then.

Jacob Mantle: Well, I've been reading them for quite a while, in fact for nearly 10 years probably, including in my legal practice when I worked with FINTRAC. I think you should check your facts.

As I said, I've rarely seen the AG say that an agency is not doing its job. That puts it at a higher level for me, and I think that some accountability is necessary. I don't think it means that everything is going to be a political circus. I don't accept that. That's not why I'm here, but I believe in accountability. If we can get somewhere on that, I think that would be great.

The Chair: Thank you.

I have Mr. Hallan next, and then it's Ms. Yip.

Jasraj Hallan: Thanks, Chair.

I'll reiterate what my colleague Mr. Mantle just said. I think it's a form of loyalty, actually, for us to do our job and hold the government to account, especially at a time when we have clear testimony from the AG's office that FINTRAC has failed. It was clearly outlined in the report. We need to find and question the person who is ultimately in charge, and that is not a bureaucrat. That is the government of the day. Someone from the government of the day—i.e. the Liberals—needs to come to this committee and answer for those failures. That is not the responsibility of a deputy minister, because they're not the ones who ultimately form policy or make those decisions. That's what the government does.

On behalf of Canadians, and in being a loyal official opposition, it is our job to demand answers for Canadians on why millions of dollars were put forward—taxpayer dollars—and the money was not spent properly, as always. At the end of the day, they could have gotten it done cheaper. It has the same vibes as the arrive scam app, done at the same time. They could have got it done for less money, but they decided to go with a more expensive vendor.

We need to have answers for Canadians. From testimony today by both FINTRAC and the AG, they said they've passed on the information, but they've received no communication from the minister. No communication from the minister means they're ignoring these reports. There's a clear failure under them and under their department.

As Mr. Mantle said, we're giving lots of options to the Liberals here. We started off with the Minister of Finance, and they blocked that from happening. We've tried to get the secretary of state, who's in charge as well. They've blocked that. Now we're going to the parliamentary secretary. I hope that we can get someone who is responsible for these departments to show up and answer for the failures.

I hope we can get to a vote, and I hope we can get someone from the government here to answer.

Thank you.

● (1345)

The Chair: Thank you.

Ms. Yip, you have the floor.

Jean Yip: Thank you, Chair.

I think it's important to remind the opposition of what the mandate of the public accounts committee is. It's not about deciding whether government policy is right or wrong. It is about the process, the implementation.

This committee focuses on government administration and the efficiency of a program and how it's done, as well as the adherence to government policies, directives and standards. This committee seeks to hold the government to account for effective public administration, but it's not about, as you are saying, whether the policy is right or wrong. It's about implementation. The people who are responsible for implementation would be the deputy ministers. We've offered up the highest official in the department, which is the deputy minister.

I feel that we have met our responsibilities on this side. I would like to move to adjourn.

The Chair: Thank you, Ms. Yip.

That's a non-debatable motion.

(Motion agreed to: yeas 5; nays 4)

The Chair: We will pick this up again on Monday, November 16.

We are adjourned.

Have a good budget day, everyone.

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