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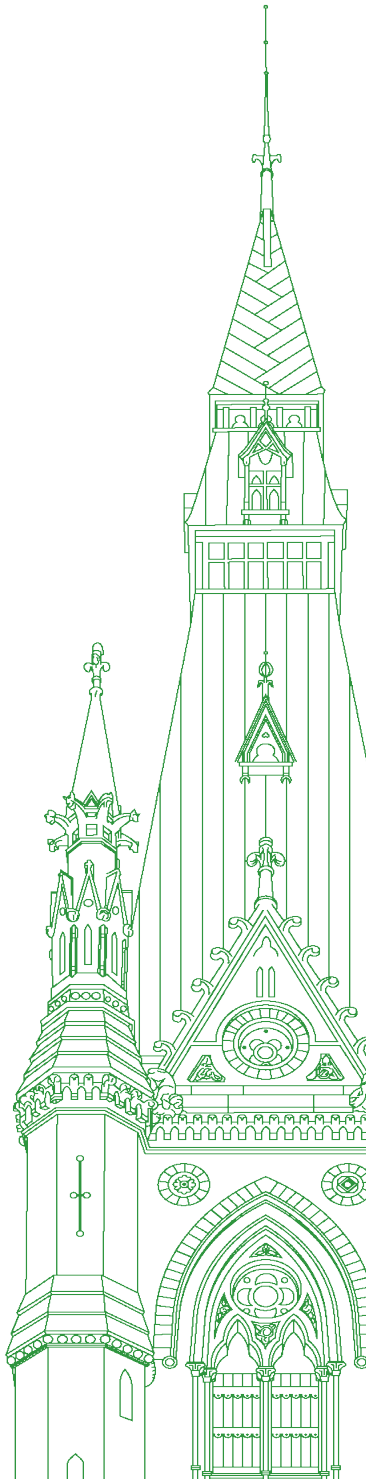

Chair: Hedy Fry

Standing Committee on Health

Tuesday, February 10, 2026

● (1655)

[*English*]

The Chair (Hon. Hedy Fry (Vancouver Centre, Lib.)): I call the meeting to order.

We begin now with a round of questions. It begins with Mr. Bailey, who's sharing with Ms. Konanz. You're going to split six minutes into three and three.

Go ahead. Start, Mr. Bailey.

Burton Bailey (Red Deer, CPC): Thank you, Madam Chair.

Could you please explain to me how you deal with expired stock? Is it a common practice to be sharing it with a health institution, or does it go to an online auction?

Nancy Hamzawi (President, Public Health Agency of Canada): We divest surplus, expired or obsolete medical countermeasures as part of our routine life-cycle management and in compliance with Treasury Board policies and directives. Our first attempt is to transfer to another federal department before the product expires, and to provinces and territories, and then we consider sale, followed by donation. As a last resort, we look at recycling and disposal options. Once expired, medical devices cannot be deployed, and are recycled or disposed of in compliance with Health Canada regulations and Treasury Board's policies and directives.

Burton Bailey: Thank you.

With the sheer cost of these vials—we're talking about over $2,000 a vial—why wouldn't these fridges have a locking mechanism, a medical-grade latch lock? Is that something that has been explored? Especially, when you talk about foreign actors, possibly a mischievous employee, I'm wondering whether it has been considered that there should be locks on these fridges.

Nancy Hamzawi: We have been looking at all options. We have a whole series of refrigerators and freezers that are in use within the national emergency strategic stockpile.

In terms of the employees who have access to the NESS, it is restricted. There are certain security requirements that are required to enter the facility. There's a record of who is in the facility, at what time and on what date, so there are very careful measures that are put in place.

Burton Bailey: However, a fridge door could be left open. I'm referring to this: Why isn't there a locking mechanism on the fridge? When you go into a hospital, they don't just leave fridges that you can just open; they are locked. There's a master key. Why didn't that happen?

Stacey Mantha (Director General, Regional Operations and Emergency Management Branch, Public Health Agency of Canada): As Ms. Hamzawi alluded to, there's a layered security protocol for physical security. There are graded layers of security to access not just our facility locations but also the area of our holdings where drug medical countermeasures are held. There's already a layered and gradated facility access requirement.

Burton Bailey: Thank you. I'm going to turn it over to Mrs. Konanz now.

The Chair: That was nicely done, Mr. Bailey.

Helena Konanz (Similkameen—South Okanagan—West Kootenay, CPC): Thank you, Chair.

Can you tell me, in a few sentences, how you will prevent this from happening again?

Nancy Hamzawi: This was a one-time incident. It has not occurred again. It is not a regular occurrence. We've looked back over the record. We couldn't actually identify another time when this occurred.

There were a number of factors at play in this particular instance. An investigation was undertaken, and we have developed an action plan, which is largely complete. What is not completed includes an interim modernized temperature monitoring system. We have interim measures now in place for how we review and monitor the temperature in these—

Helena Konanz: It wasn't up to a modernized standard. You would think that we would be using the most modern equipment, to begin with, for something this important to Canadians.

Nancy Hamzawi: Absolutely. We are using modernized equipment, but in terms of our updated standard operating procedures, we're adding another layer of belts and suspenders just to make sure that we avoid any replication in the future.

Helena Konanz: Ms. Hamzawi, or anyone who would like to answer this, when you have a $20-million loss, how is there no one held accountable? It's not that we have to publicly punish, but how is no one held accountable?

Nancy Hamzawi: Through the review process, there was no single individual for whom a reprimand was warranted. There were a number of factors at play, including adjustments that were required to some of our standard operating procedures. No determination was made at the time, based on that.

Helena Konanz: Okay.

Nancy Hamzawi: I look forward to the Auditor General's report on this in terms of her findings and any further recommendations she may have for us to pursue.

Helena Konanz: Can Canadians feel secure in this stockpile now? Can they be secure that if something happens, some emergency happens, we are ready for it?

Nancy Hamzawi: My short answer is “yes”. Before the pandemic, we had 34 employees. We have about 100 employees now. At the time, before the pandemic, we were investing $5 million per year. We are now, this year, at over $220 million in much more expanded suites of medical countermeasures to be ready for any possible threat the country could face for which we are concerned in terms of the risk assessment we undertake with our colleagues in the security family.

The Chair: Thank you.

I will now go to the Liberals.

Mr. Eyolfson, you have six minutes, please.

Doug Eyolfson (Winnipeg West, Lib.): Thank you, Chair.

Thank you all for coming. This is very interesting.

If I start asking a question that goes back to the in camera material, please remind me of it.

● (1700)

The Chair: Be careful, though, Mr. Eyolfson.

Doug Eyolfson: That's what I mean. Yes, I'm being careful.

Mr. Bailey stole my question about locking. I was going to ask exactly the same thing.

Nancy Hamzawi: On locking, I would note that in some cases—for example, some that I have seen—it's not that there are no locks. There are some areas that are locked. There are grades of locking. I just wanted to add that.

Doug Eyolfson: Thank you.

Are they now looking at sensors—again, if this is not for in camera—or something that might tell you that the door has become ajar? From what I understand, the box expanded and the door came up. It was only the width of a piece of paper. Has that been rectified? Would that now be detected if this happened again?

Nancy Hamzawi: I won't get into specifics, but I would note that each freezer has its own technical specifications. Typically in the industry, there's an indicator of whether or not a door is open. In most cases, it's not a single door. There's a door within a door. That's the industry standard. The indicator would be a temperature indicator on the front, typically, of the freezer, with 24-7 monitoring of the thermocouple within that fridge.

Doug Eyolfson: Okay. Thank you.

I have practised medicine for 25 years. We deal with error. We will look at a critical incident: How did this happen? Was this a huge bungle by one person? Did a number of factors come together to cause this to happen? That is often the case.

One thing we've found in medicine is that we often will have input from other industries that can share with us what they know from their incident analysis and quality improvement. For instance, it's very common practice now for the aviation industry to speak at medical conferences, because they are very good at dissecting critical incidents and coming up with recommendations. Have you used input from other industries that could help give you a better perspective on how to address problems like this and prevent them from happening again?

Nancy Hamzawi: Maybe I'll answer briefly and then turn to my colleague, Ms. Mantha.

I'll just note that, yes, we have very strong relationships with the biomanufacturing and life sciences industry, and we are in regular contact with them in terms of the sharing of best practices. We also work closely with our international counterparts, including, for example, the Five Eyes. We do regularly compare notes in order to be ready to recognize and integrate best practices as they continue to advance.

I'll turn it to you, Stacey.

Stacey Mantha: We do consult regularly with industry to ensure that we are monitoring advancements in cold chain technology and that we are also looking at issues that others have had so that we're learning from those. We do have very close relationships with our Five Eyes counterparts' stockpiles. That provides us with an opportunity to discuss these types of events, best practices and lessons learned with people who are undertaking the same kind of business that we are.

Doug Eyolfson: Thank you.

I notice that one of the things that will happen in the hospital environment, too, in the quality improvement process is that there will be a non-punitive sharing of information so that people will share frankly what happened and what their decisions were, without having what they've told us come back on them and have negative career or legal consequences. I mean, again, outside gross negligence or deliberate malfeasance. Is there a process like that where someone is simply free to say, “Well, it's always been our practice that we do X,” so that you get more frank sharing of information from all of your staff?

● (1705)

Stacey Mantha: You've raised an excellent point, and for this reason, the NESS quality management system is not punitive. It really does encourage employees to come forward, when they identify an issue, through appropriate reporting and escalation. If we start penalizing people for bringing problems forward, it creates a culture of silence. We want to avoid this, given the magnitude of the responsibility that we have.

Doug Eyolfson: Thank you.

The Chair: Now we go to Mr. Blanchette-Joncas for six minutes, please.

[*Translation*]

Maxime Blanchette-Joncas (Rimouski—La Matapédia, BQ): Thank you, Madam Chair.

I'm going to continue with the representatives from the Public Health Agency of Canada.

Ms. Hamzawi, in your opinion, how can Parliament exercise real control over the national emergency strategic stockpile when major losses are justified on national security grounds? We have no independent verification mechanism and no obligation to disclose.

From the Public Health Agency of Canada's perspective, are you satisfied with the current level of transparency?

Nancy Hamzawi: Since we're committed to sharing as much information as possible—it's our intention to do so—we participated in the in camera portion of the meeting. We wanted to ensure that we shared as much information as possible with this committee.

When it comes to classified information, there are other ways to work with Parliament. We are always ready to answer questions about classified information.

Maxime Blanchette-Joncas: Given the historical findings and despite the corrective measures described, can you say that Canada is truly prepared, in terms of its stockpiles, their management and their deployment, to deal with a new major health emergency now, not six months from now?

Nancy Hamzawi: I can assure you that we learned lessons from this rare event. As we discussed at the other meeting, we have put a number of measures in place. Most of them have been implemented, and a few more are about to be. We are always ready to provide you with an update on the remaining recommendations.

As I indicated earlier, the Auditor General has launched an audit of this program. She has access to all of our documents. We look forward to receiving her findings, conclusions and recommendations. We're always open to improvements.

Maxime Blanchette-Joncas: We talked about inventory management and procedures. However, health emergency preparedness also depends on the ability to rapidly test, validate and deploy new treatments.

I would like you to explain to us what national structure has replaced the Canadian Consortium for Clinical Trial Training since its funding ended.

Nancy Hamzawi: I'll have to check with my colleagues. I can give you more information afterwards.

● (1710)

Maxime Blanchette-Joncas: Could you send us an answer in writing?

Nancy Hamzawi: Yes, absolutely. No problem.

Maxime Blanchette-Joncas: Thank you.

To what extent is the claim that Canada is better prepared today compatible with, among other things, the decision to stop funding the consortium I just mentioned, when rapid clinical trials were shown to be critically important during the COVID-19 pandemic?

In concrete terms, how is it that funding for rapid clinical trials is being cut when we knew that this was one of Canada's shortcomings during the COVID-19 pandemic? Today, you're telling us that parliamentarians and the public can be reassured that Canada is ready to face another pandemic.

Nancy Hamzawi: My answer could cover a number of aspects, but I'll focus more specifically on the national stockpile.

We are always in contact with our colleagues in the security community to stay aware of the risks in Canada. With this information, and with particular attention to health sector capacity in Canada as well as supply chains around the world, we have a stockpile management approach that reflects these risks. We also update our stockpile to make sure we have the equipment to address those risks.

For example, before the pandemic, we only had $5 million a year to manage those risks. Now we have $220 million a year. We used to have 168,000 square feet of space, and now we have close to 1 million.

It's really different from before the pandemic. We have assets today that are roughly $1.3 billion.

Maxime Blanchette-Joncas: Thank you.

[*English*]

The Chair: That was right on time.

Now we will go to the next round with Mr. Epp for five minutes, please.

Dave Epp (Chatham-Kent—Leamington, CPC): Thank you, Madam Chair.

Thank you to the witnesses.

The spirit in which I ask these questions is the same lessons-learned spirit we've been discussing so far, but I'm going to shift gears a bit and follow up on my Order Paper question 604, which was also passed in motion form in this committee and deals with procurement and other things with respect to the NESS.

I'll cite the Order Paper question references later, for your ease. If you don't have the information at your fingertips, please just commit to forwarding the information to the committee.

In OP Q-604(g), I asked which companies received contract renewals for PPE supply for the NESS in 2023, 2024 and 2025. In your response, three companies were listed.

Why was Medline not included in the list of vendors that received call-ups, understanding order number E60PV-18MS00, given that the CanadaBuys website shows Medline's contract was extended in August 2025 and amended in September 2025?

Stacey Mantha: What you're seeing are the call-ups that the Public Health Agency would have done during that time. That contract or procurement vehicle is also available to all other government departments. If you're seeing something on the website that Medline received a contract, it could have been for a different department or agency.

Dave Epp: You basically state that standing offers under PHAC are not contracts.

Can you say that, under PHAC, extensions, amendments or administrative continuations of standing offers are treated as ongoing suppliers, or are you saying that might be just to other departments?

Stacey Mantha: If I understand the question correctly, the Public Health Agency of Canada did leverage that supply arrangement to acquire product. We reported on the companies and quantities that were procured through that vehicle.

I can't speak for other government departments. They may have also leveraged that procurement vehicle to acquire supply.

Dave Epp: How many PPE suppliers to the NESS have been flagged through open-source human rights reporting as having potential links to forced labour or child labour?

● (1715)

Nancy Hamzawi: We don't have that information, but we can follow up on that.

Dave Epp: Thank you.

I'll give you some more to chew on.

The Business & Human Rights Resource Centre has linked ThermoFisher Scientific with knowingly selling its technology to Chinese police or surveillance companies.

Cardinal Health signed an act of attestation in 2025 that it does not have any forced labour in its supply chain and filed it with Public Safety Canada.

I'll note that ThermoFisher Scientific stated that its kits were made for Chinese national DNA database and “designed” for the Chinese population, including “ethnic minorities like Uyghurs and Tibetans”.

I look forward to a response back to the committee.

With respect to question 604(k), I asked about the government's rationale to continue to do business with multinational suppliers that failed to deliver during the pandemic. Were any multinational suppliers subject to penalties, contract terminations, suspensions or exclusion from any future procurement as a result of pandemic era non-performance?

Stacey Mantha: If I understand your question correctly, it's whether or not we chose not to enter into procurement with any suppliers that we dealt with during the pandemic.

Dave Epp: I'll add a supplemental question.

Is there any ongoing litigation in which the federal government isn't the defendant because of the procurement practices?

Stacey Mantha: I cannot speak to ongoing litigation. Matters may be before the courts.

We advertise our need for product through PSPC, CanadaBuys, Buyandsell and that is how we advance our request for procurements.

Again, we ran through some of the requirements that we look for. We look for suppliers that are in good standing with medical or drug establishment authorizations. We look for suppliers that meet the requirements that we have collected from our 13 jurisdictions and domestically.

Dave Epp: Thank you.

Has PHAC been made aware of any falsified—

The Chair: You have 30 seconds.

Dave Epp: —fraudulent or misleading laboratory test reports relating to gowns or other PPE submitted in connection with the NESS during COVID-19, between 2020 and 2023?

If so, when did you become aware? Which suppliers were involved? What corrective enforcement actions were taken? Were any contracts suspended, terminated or referred to law enforcement?

Perhaps this is what is subject to litigation.

Stacey Mantha: During the pandemic.... I cannot speak to specific time frames, but we did just have a bit of a 101 about the NESS quality management system. As part of that system, when we were advised that there may be potential quality issues with any of the product we were either acquiring or we held, we undertook to quarantine that product until we could explore the quality further either ourselves, through the testing capabilities we have, or through third party independent testing.

Dave Epp: Thank you.

The Chair: I'll go to Ms. Jaczek for five minutes, please.

Hon. Helena Jaczek (Markham—Stouffville, Lib.): Thank you, Madam Chair.

Thank you to all the officials with us today.

As a former medical officer of health in charge of a public health unit serving some 1.2 million people, obviously I was extremely aware of the expensive vaccines that were stored in freezer units, etc. Not only did we have alarm systems, but, of course, we had a visual, personal inspection on a daily basis, because technology can fail.

Going back to the loss of the $20 million worth of product, could you clearly describe what your previous protocols were to ensure the safety of this product and the changes that you have now made that will hopefully mean that this will not occur again?

Stacey Mantha: As just discussed in the in camera session, we did do a full and comprehensive root cause analysis.

I am confident that we have addressed the root cause that was identified as a system issue. A contributing factor was our real-time 24-7 monitoring system for our refrigerator and freezer units. We have made enhancements to the oversight and monitoring of those freezer units. The 24-7 monitoring still does occur. We have staff available to respond to those alarms on a 24-7 basis. We have increased oversight and management at the warehouse in terms of personnel, as well as our regulatory affairs and quality assurance teams, and the teams that manage the equipment and maintenance.

● (1720)

Hon. Helena Jaczek: You've heard some suggestions here. Mr. Bailey suggested a locking mechanism, as did MP Eyolfson. I think it wasn't so much from a security point of view that those suggestions were made but perhaps to keep the units airtight, without any possibility of a door remaining...even a sheet of a paper width of an opening. Has anyone else ever made a suggestion like that to you?

Stephen Bent (Vice-President, Regulatory, Operations and Emergency Management Branch, Public Health Agency of Canada): I think I should also clarify that these units do have a locking mechanism on them. It's an industrial locking mechanism that ensures that the door stays closed. It's not like a regular refrigerator where there is no control point. It's a standard type of mechanism that's used on many of these industrial freezers.

Hon. Helena Jaczek: Okay, thank you.

We know that the Auditor General is looking at this issue. Did you consult with other jurisdictions, like-minded jurisdictions, as to the various protocols that they have put in place to ensure that vaccines are safe?

Stacey Mantha: In this specific circumstance, no, we did not. We do, however, dialogue regularly with our federal, provincial and territorial counterparts that manage similar products and acquire product from our stockpile as well.

We take these opportunities, whenever we do have to deploy a product, to walk through the protocols that we implement. We hear about the protocols that they have in place. That helps us refine our plans for deployment. As you can imagine, there are not only cold chain considerations; there are also regulatory considerations with these. Each one of these interactions does provide us with an opportunity to learn from one another in an open and frank exchange of information.

Nancy Hamzawi: Perhaps I might add that I'm in month number seven as president of the agency. I have met with my counterparts. I'm particularly focused on my G7 counterparts. Among the issues that we have been discussing are our strategic stockpiles, and I look forward to those continued dialogues and deepening those dialogues with our counterparts.

For example, we look forward to a new joint action plan with the European CDC shortly, and we are signing a new memorandum of understanding with the United Kingdom, where all of these issues are included.

That's just to say that, at a higher level, those conversations are happening with our strategic stockpiles as a key area of focus.

Hon. Helena Jaczek: How much time is left, Madam Chair?

The Chair: You have 13 seconds left.

Hon. Helena Jaczek: I will cede that.

The Chair: Thank you.

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

[*Translation*]

Maxime Blanchette-Joncas: Thank you, Madam Chair.

I would like an answer to the following question. Before the funding for the Canadian Consortium for Clinical Trial Training was terminated in August 2025, are you aware of whether any impact analysis was conducted by the Public Health Agency of Canada, the Canadian Institutes of Health Research or any other federal agency on the consequences of this decision for health emergency preparedness, as well as on Canada's national capacity to conduct clinical trials?

Nancy Hamzawi: In this portfolio, there are several organizations involved in clinical trials, including Health Canada, because of its responsibility as a regulator. The Canadian Institutes of Health Research is also involved in research. So there are a number of players. However, when we look solely at the national stockpile, we see that the Public Health Agency of Canada is the beneficiary of all these innovations.

Maxime Blanchette-Joncas: I appreciate that. My question was whether you did a study before stopping funding for the Canadian Consortium for Clinical Trial Training. If you don't know the answer, you can answer me in writing. No problem.

● (1725)

Nancy Hamzawi: I could check with my colleagues—

Maxime Blanchette-Joncas: That's perfect.

Nancy Hamzawi: —who are responsible for the consortium.

Maxime Blanchette-Joncas: Thank you.

The Government of Canada announced an investment of $250 million to accelerate clinical trials. Can you commit to submitting to the committee, in writing, the full breakdown of the $250 million, including, for each envelope, the program, the recipient, the exact amount and the timeline for disbursement?

Nancy Hamzawi: Yes, absolutely. I could follow up with my colleagues who are responsible for the file. I prefer that the people responsible prepare the details for you when it comes to informing the committee.

Maxime Blanchette-Joncas: Thank you very much. I appreciate that.

[*English*]

The Chair: We'll now go to Mr. Mazier for five minutes.

Dan Mazier (Riding Mountain, CPC): I thank the officials for being here today. I have to admit I'm quite concerned about what we've heard here in the briefing before this hour. I'll leave it at that.

The government has lost over $20 million in supplies from the national emergency strategic stockpile. Was this a system error or an equipment error?

Stacey Mantha: Our root cause analysis and investigation did identify that it was an issue with our quality management system and the implementation of a standard operating procedure.

Dan Mazier: Was it a system error?

Stacey Mantha: It was a system error with our quality management system, yes.

Dan Mazier: Did the Public Health Agency have a validation master plan or a preventive maintenance program in place for the systems that lost over $20 million in supplies?

Stacey Mantha: We are in the process of developing a validation master plan for the range of equipment that we hold. We did have, at the time of the event, an annual validation for all of our freezer units by an external certified vendor to validate our units.

Nancy Hamzawi: I'll note that we are on a timeline to conclude that by March 31, 2026. That's coming soon.

Dan Mazier: Was ineffective communication a contributing factor to the government's $20-million loss of product?

Stacey Mantha: Communication between the teams was identified as a contributing factor. We discussed briefly the implication of multiple teams in this deviation. The communication between those teams was identified as a contributing factor.

Dan Mazier: Did the Public Health Agency follow all guidance from the manufacturer of the identified freezer units prior to the $20-million loss?

Stacey Mantha: The investigation did find that not all equipment specifications were followed.

Dan Mazier: That's a “no”.

Is a fully established quality culture consistently demonstrated throughout all operation activities for the national emergency strategic stockpile?

Stacey Mantha: The investigation found that we still had work to do on the implementation of a consistent quality culture.

I will confirm that the activities taken to respond to the incident, notably the revisions and development of tools, and tracking and retraining of the standard operating procedure in question, went a long way toward further developing and strengthening that culture.

Dan Mazier: Is the Public Health Agency of Canada aware of any potential hostile foreign actors that attempted to access Canada's national emergency strategic stockpile following the $20-million product loss?

Stacey Mantha: We are aware, through a vendor we work closely with, that there was interest from a foreign national in obtaining access to our warehouse location. They did not.

Dan Mazier: What country was that foreign actor from?

Stacey Mantha: I cannot say. I do not have that in front of me right now.

Dan Mazier: Can you report that back to the committee?

● (1730)

Stacey Mantha: Yes.

Thank you.

The Chair: Mr. Mazier, you have one minute and five seconds.

Dan Mazier: Okay.

Does the Public Health Agency take responsibility for the temperature deviation that resulted in a $20-million loss of products from the national emergency strategic stockpile?

Nancy Hamzawi: Yes, and we reported it in the public accounts.

Dan Mazier: Was the Public Health Agency responsible for the temperature deviation there?

Nancy Hamzawi: There were a number of factors at play that led to the temperature deviation, and all of that occurred within the Public Health Agency of Canada.

Dan Mazier: We had a bunch of miscommunications.

They're still working on ongoing things. They're trying to get things done correctly now in PHAC in these freezers. No one lost....There were no reprimands. There was no one fired over this $20 million, yet there still seems to be ongoing work. I find it quite troubling that there was no one really taken to task on this. Or does the buck stop with the president?

The Chair: That's a statement, Mr. Mazier, and you're over time.

Dan Mazier: Thank you.

The Chair: We now go to Ms. Sidhu.

You have five minutes.

Sonia Sidhu (Brampton South, Lib.): Thank you, Madam Chair.

My question is on how we were having conversations earlier and how there are lessons learned from COVID-19. There are the steps we're taking: answering questions, weekly inspections, oversight of the freezer. There are many steps you are taking. Is Canada prepared if another pandemic happens?

Nancy Hamzawi: Yes, we are in a very different place from where we were in 2019. Every day, we are reviewing the threats the country is facing and updating our approaches.

Sonia Sidhu: To follow up on that, when there are steps you are taking in AI or digitalization, is there any arrangement made for oversight on that data protection or on AI threats or cybersecurity threats? What kinds of steps are you taking on that?

Nancy Hamzawi: From a cybersecurity perspective, we absolutely benefit from the enterprise-wide approach with Shared Services Canada and working with our colleagues at the Treasury Board Secretariat and the Communications Security Establishment. There are, for example, sensors that they have in place from which we benefit as part of the enterprise-wide cybersecurity posture.

My colleagues spoke about this extensively at the public accounts committee just a few weeks ago, in walking through all the enterprise-wide measures that are in place, and we are absolutely benefiting from that posture.

Sonia Sidhu: Collaboration with the provinces and territories is also important. How is PHAC working with provincial and territorial partners to clarify roles, responsibilities and expectations around the surge support?

Stephen Bent: There are a few things at play, I think, in terms of our collaboration with provinces and territories. We benefit very much from the Public Health Network collaboration that has existed since the inception of the agency in 2005. Through that, there is a range of activities happening to ensure we are better prepared in our respective areas going forward.

There are a few things that I would highlight in terms of our emergency planning.

We have the public health response plan for emergencies and events that we've been modernizing with our provinces and territories to make sure that our mandates and roles and responsibilities are clear. There's also the Canadian pandemic preparedness plan that is under way and will be endorsed by the Public Health Network shortly. That will fundamentally set out clear roles in the context of pandemic planning as well.

Sonia Sidhu: Thank you.

Budget pressures and competing priorities are a reality in today's life. How does PHAC ensure the investment in the NESS delivers value in dollars while maintaining readiness for high-impact events?

● (1735)

Nancy Hamzawi: I can kick off and then turn it over to you, Stacey.

We prioritize our investments informed by discussions with our federal security and intelligence partners. We also are very much taking into consideration the geopolitical context and the health of global supply chains. With all of those considerations, we then make strategic decisions as to where the highest priorities for investments are within the agency.

We work with our colleagues at Public Services and Procurement Canada to make sure that we have the best possible procurement in terms of value for money for Canadians, with the particular lens now of the buy Canadian policy framework.

I'll turn it over to Stacey.

Stacey Mantha: The only thing I would add is that for those assets that are not drugs and that provinces and territories can procure and require to maintain their own stockpile and surge capacity effectively, we're that secondary surge piece. We work very closely with them to ensure that we are buying products that meet the performance and technical specifications that will ensure it is easy to integrate those into the health care system. We had the example earlier with the NIOSH N95 respirators.

Ensuring that something can be deployed rapidly to support that surge need is another layer in how we ensure that we're getting best value for dollar.

Sonia Sidhu: Thank you.

The Chair: We've asked the interpreters, and we have room for one more round.

I begin with Mr. Epp, who is sharing time with Mr. Mazier, for five minutes.

Dan Mazier: I'll go first, Chair, and then I'll switch it over to Mr. Epp.

I want to get something clarified here today. We've been hearing, and the media have been reporting, that it was an equipment failure, basically. That has taken over.... What we learned here today was that it was actually PHAC.

The Chair: Be careful, Mr. Mazier. What you learned today...?

Dan Mazier: Well, we have testimony from my last round here that it was really the actions and lack of actions from PHAC that led to this deviation of temperatures and the loss of $20 million of product.

I want to confirm that with the agency here. You're here today. You do take full responsibility for this. The $20-million loss was a result, basically, of miscommunication. There were lots of things reported, but there was a lack of action and proper management over the stock.

Nancy Hamzawi: We take this loss very seriously; hence, the immediate investigation into what happened.

Yes, there were system failures within the Public Health Agency of Canada. There are also technical equipment-related modifications that are also required, as the investigation determined.

There are multiple factors that led to this, but ultimately, yes, it's the Public Health Agency of Canada that is responsible, and that is why we reported it in the public accounts.

Dan Mazier: Thank you.

I'll give the floor to Mr. Epp.

Dave Epp: Thank you.

I'm going to continue back to the OP Q-604 and pick up on the comment you made earlier in the meeting that one of the lessons learned is that PHAC is working toward domestic long-term contracts.

In OP Q-604 (c), I asked how much the federal government spent on reshoring and supporting domestically sourced PPE between March 2020 and December 2022. PHAC's response listed five contracts.

Since, however, Precision ADM acquired Roswell Downhole Technologies in August 2021, were the standing offers awarded to these two entities presented to them as separate recipients or as part of a single corporate group?

Again, if you don't have that, just respond in writing.

Stacey Mantha: I don't have that here. I can respond in writing.

Dave Epp: Okay.

Following up on that, in light of the appointment in May 2024 of BDO Canada Limited as the receiver for Precision ADM, PADM Medical and Roswell Downhole Technologies, what due diligence or financial risk assessments were conducted prior to awarding funds to companies that later became insolvent or entered receivership?

● (1740)

Stacey Mantha: I will note that that portion of the response was actually provided by Innovation, Science and Economic Development Canada. We'd be happy to refer that question to our colleagues.

Dave Epp: Has either PHAC or ISED conducted any postpandemic evaluation of PPE reshoring initiatives to determine whether these investments reduced reliance on foreign suppliers during or after the pandemic?

Stacey Mantha: Again, this would be a question for our colleagues at Innovation, Science and Economic Development Canada. We'd be happy to refer that.

Dave Epp: Further to that, did any postpandemic reviews identify the loss of domestic PPE manufacturers as a risk to future emergency readiness?

Nancy Hamzawi: We'd have to follow up on that and get back to the committee.

Dave Epp: Okay.

I'm going to flip over to (e) in that same Order Paper questions, Q-604.

The Chair: You have 57 seconds left.

Dave Epp: Thank you.

What was the original procurement value of the expired PPE currently being warehoused by item type at the time it expired?

Stacey Mantha: Just to confirm, you asked what is the current estimated volume and value?

Dave Epp: What was the original procurement value of what's presently expired?

Stacey Mantha: The assets were originally procured at an overall cost of approximately $150 million.

Dave Epp: That's presently expired.

What inventory management systems does PHAC use to track expiry dates? What measures are in place to prevent large volumes of PPE from expiring in storage?

Stacey Mantha: We use a proprietary warehouse management solution and inventory management solution within the Public Health Agency. Our president described some of the efforts that we make to have non-expired product used before it expires. We have options available to us that involve transfer to other government departments or other levels of government. Then we proceed to sale and then to donations. We have been active on all those fronts.

Again, we have no direct connection to the health care industry in Canada.

Through those efforts, we endeavour to divest as much as we can before it expires. These are significant volumes that we're talking about.

Dave Epp: Right.

We're presently paying for warehouse storage of expired PPE. You mentioned that you don't have any direct connection, so your sales—

The Chair: Mr. Epp, your time is up.

Now we go to Ms. Chi for five minutes please.

Maggie Chi (Don Valley North, Lib.): Thank you, Chair.

To the Public Health Agency, could you confirm for the committee that the recent loss doesn't compromise our ability to respond to public health emergencies? When you responded that it was restocked, was that to its full level?

Nancy Hamzawi: That is correct. There's no risk. We have restocked the loss in full.

Maggie Chi: Thank you.

Going forward, there are some questions and discussions about mitigation strategies and plans. Could you confirm that this matter will not happen again—this specific incident?

Nancy Hamzawi: Absolutely. A number of actions have been taken. Most of the action plan has been completed relative to what the investigation recommended. Most of those actions are taken.

We can't ever say that 100% of all risks can be eliminated. It is very difficult to say it's 100%, but we're in a very different place from where we were. We're very comfortable with the significant changes that have been made.

Maggie Chi: Thank you so much.

For the benefit of the committee, can you explain how PHAC assesses and manages risk within the stockpile today, specifically how decisions are made about redundancy and substitution when a particular product is lost? How are demand modelling and scenario planning used to determine what constitutes an acceptable level of risk? How does PHAC ensure that replenishment timelines align with realistic threat assessments?

Stacey Mantha: In defining the requirements that help us decide what we stock and how much we stock, we start first with threat and risk assessments. I'm talking predominantly about the chemical, biological, radiological and nuclear events that we plan for. We conduct threat and risk assessments with our security and intelligence partners. That helps us inform scenarios that they should be considering and that we should be considering to respond to.

Once we've looked at the different scenarios, we determine how many people might we need to treat for those types of scenarios. That helps us decide how many treatment courses, effectively, we have. We then look at the range of available medical countermeasures. We set acquisition and divestment plans based on those.

As it relates to something like pandemic preparedness, we're currently working with provinces and territories, as we did during the pandemic, to conduct modelling to identify what would be a national target. For example, how many masks should Canada have in order to be prepared to respond during a surge until supply becomes available, if there are supply constraints? That work is being undertaken in support of the Canadian pandemic preparedness plan that is anticipated to be delivered this year and help us collectively, as a country, define those targets and then assign a surge requirement for the NESS as well as for provinces and territories.

● (1745)

Maggie Chi: Thank you so much.

This incident, as we've learned, has really focused attention on the storage and monitoring of the NESS. I don't have a lot of time left, but given that COVID really demonstrated the risk to our critical medicine supply, maybe you could opine on this a little bit. What are your thoughts on our supply chain resilience for critical medical countermeasures?

Stacey Mantha: Supply chains for critical medical countermeasures are extremely complex. One product may be sourced from multiple different locations. The source material and maybe even the capsule that encases it might come from different supply chains.

We are working very closely with partners in Health Canada who manage drug shortages, with health emergency readiness Canada, and with Innovation, Science and Economic Development Canada who are seized with supply chains and resiliency around supply chains so that we can collectively better understand these and build resiliency into our plans and our systems for response.

Maggie Chi: Thank you so much.

Doug Eyolfson: Madam Chair, I have a point of order.

Given the language difficulties and hiccups we had at one point, could we have consent to give Monsieur Blanchette-Joncas five minutes for this round?

The Chair: As I said earlier on, we have a time limit with the interpreters.

We'll be barely making the time we must leave here, so it won't be this time around. I'm sorry.

Doug Eyolfson: All right.

[*Translation*]

Maxime Blanchette-Joncas: I have a point of order, Madam Chair.

[*English*]

The Chair: Yes.

[*Translation*]

Maxime Blanchette-Joncas: Can you explain to me why the distribution of speaking time for the second hour is not identical to that for the first hour?

[*English*]

The Chair: It's because according to what was agreed to by this committee, every one hour the Bloc will get six minutes. Then the Bloc gets 2.5 minutes and another 2.5 minutes after that.

When we have a full two hours—not two separate hours—the Bloc is given the extra six minutes in a second round to make up for that.

This time you had two six-minute rounds. In the first round in camera, and in the first round in the second hour, the Bloc got six minutes.

But that's not the issue. The issue is that the interpreters have to leave at a certain time. Given that we'll probably be going just over that time, any amount of time we take off means that we'll have to end without somebody finishing their time as it is.

[*Translation*]

Maxime Blanchette-Joncas: I just want to be clear: For the second hour, the Bloc has six minutes. Then, for the second round, it gets two and a half minutes, or—

[*English*]

The Chair: It's two and a half minutes. Yes.

[*Translation*]

Maxime Blanchette-Joncas: Okay.

[*English*]

The Chair: It has always been that way.

[*Translation*]

Maxime Blanchette-Joncas: According to the agreement, the first hour isn't identical to the second hour. Is that correct?

[*English*]

The Chair: No. Each hour has an arrangement of six minutes for everybody. Then it's five, five, 2.5, five and five. That was agreed by this committee at the very beginning.

The reason we sometimes do not stop but go a full two hours is that everyone agreed to give the Bloc that chance of a second-hour six minutes. That's why, when we were meeting for two full hours with no break, there were two six-minute periods allotted to the Bloc. This time it was six minutes during the in camera first hour and six minutes during the public hour. The Bloc got its two six-minute periods.

As I was saying, somebody will have to give up their time, because we have to finish on the dot at 5:50. We're cutting that out right now.

Ms. Chi, have you finished?

● (1750)

Maggie Chi: Yes.

The Chair: I'm going to go to Mr. Blanchette-Joncas for two and a half minutes.

[*Translation*]

Maxime Blanchette-Joncas: Thank you, Madam Chair.

Ms. Hamzawi, I'll continue with my questions.

As a result of the shortcomings observed during the COVID-19 pandemic, Quebec chose to take matters into its own hands, through Santé Québec; we created our own strategic stockpile of drugs and supplies.

In this context, I would like you to explain to us why the federal government is retaining the decision-making and financial power over the funds and stocks in the national emergency strategic stockpile rather than transferring these resources directly to the Government of Quebec, which has demonstrated its management ability.

Nancy Hamzawi: Several provinces made the decision, during or before the pandemic, to have their own emergency strategic stockpile. The role of the national stockpile is to be a backstop for provinces and territories.

Maxime Blanchette-Joncas: Okay.

What can your national stockpile do that Quebec's national stockpile is unable to do?

Nancy Hamzawi: The answer to that question is complex.

Let's just take the example of a situation where we're analyzing the supply capacity of a given province. If the real risk is higher than what that province has identified in terms of its supply, we're the ones who will immediately help that province in the event of an emergency.

Before the pandemic, we had received three to five requests for assistance from the provinces. However, to date, we have received over 40 requests for assistance from provinces and territories.

[*English*]

I'll turn it over to you, Stacey, to add to that.

Stacey Mantha: There are also certain medical countermeasures, like the drugs that we discussed earlier in the in camera session, that simply are not available to anyone other than national governments. In those circumstances, we are the sole provider in Canada for Canadians.

[*Translation*]

Maxime Blanchette-Joncas: Thank you.

[*English*]

The Chair: I'm now going to go to Mr. Epp. The Conservatives and Liberals have agreed to cut their five-minute slots to two and a half.

You have two and a half minutes, please, Mr. Epp.

Dave Epp: Thank you, Madam Chair.

I'm going to go back to the value of the expired PPE that we have, that we're presently paying storage on. I think you said it was $150 million or something like that.

In my research for this, my understanding is we use, and don't quote me exactly, six million hospital gowns in our regular system, across our hospital system, in Canada.

Why would the PHAC operating the NESS not strike...? I heard in your testimony earlier that you have a system where you try to dispose of expiring or about to expire stock. Why would you not set up a rotating system through our NESS, and then at least a year before the gowns expire—because they are photosensitive—run them through our system so that we aren't paying storage? What is the barrier there?

Stacey Mantha: What you've described is the exact model that some jurisdictions have chosen to put into place. For that reason, we're exploring different operational management tools and operational delivery models, for example.

We are looking at vendor-managed solutions, which describes what you've just described there. We would effectively contract with a vendor who would provide us with supply, but rotate that through the health care system so that we're not effectively sitting on a stockpile of gowns. Some jurisdictions have chosen to implement that model, and we are learning from those experiences.

● (1755)

Dave Epp: We went into the pandemic with an expired stockpile, or relatively expired, and now we're coming out of the pandemic with an expired stockpile. That's why I don't understand how, through that lesson, the lessons weren't learned a bit faster.

Stacey Mantha: We've been discussing the expired stock that we have and that we are responsibly life-cycle managing. That volume has significantly decreased between your two OPQs.

We do have capacity today across the range of personal protective equipment, so we have masks, surgical masks, respirators, gowns and gloves within the stockpile that are not expired and are available for use.

Dave Epp: With the procurement system, you listed your three criteria, with a domestic or an indigenous source being one of them. I assume cost is in there as well. How do you rank them? How do you weight the three criteria that you listed earlier?

Stacey Mantha: The ranking really does consider the contracting vehicle. Depending on what contracting mechanism or procurement mechanism we would apply, there are criteria we would develop with PSPC as our contract authority, and we would apply those criteria. It might vary in different contracting exercises.

Dave Epp: How significant is price?

Stacey Mantha: Price is definitely a factor. Diversity of supply is also a factor. We may choose in the future to contract with multiple suppliers rather than with only one supplier so that we have diversity in our supply. Again, quality is a key component.

The Chair: We're well over time. Thank you.

I now go to Mr. Eyolfson for two and a half minutes.

Doug Eyolfson: Thank you, Madam Chair.

There's been a lot of information that's come around. This is a little off what we were talking about before, but it's still in your mandate, of course.

We know that in 2025, once again, we had quite a devastating forest fire season. This caused a lot of problems with respiratory ailments and other hazards among the people in the affected locations and far beyond.

What role did the NESS play in Canada's response to that?

Nancy Hamzawi: I would argue this is directly linked to the NESS; I wouldn't say it's off-topic.

In this last wildfire season, we responded to three separate requests for assistance, deploying over 27,000 units of emergency social service assets. In addition to everything you've heard today about medical devices and drugs, we also, in this case, provided 5,300 blankets, 5,000 cots, 4,800 mattress rolls, 3,200 pillows, 6,100 face cloths and 3,400 towels.

Those requests came in and deployments were moving within hours to respond to the very serious situation, as well as the mini clinic, which was also deployed during the wildfire season.

The agency engages more broadly within wildfire response in other areas too.

The Chair: You have one minute, Doug.

Doug Eyolfson: I have no further questions.

The Chair: I'm going to borrow your extra minute and ask a quick question.

Given that we're possibly looking at other pandemics and you got a lot of your stuff from the United States, what's going to happen now that there's a difference with the CDC and the United States with regard to vaccines? Is that going to impact your ability to get supplies when you need them?

Stacey Mantha: One of the reasons we stockpile some of these drugs and medical countermeasures we've been talking about over the last hour and a bit is that you need to have them on hand when the emergency arrives. You can't wait to place an order when the emergency occurs.

For that reason, we have stockpiles. We have built some capacity to bridge any supply constraints that may arise, and we work very closely with our colleagues in the United States, who also acquire these same drug products, as well as other Five Eyes colleagues.

● (1800)

Nancy Hamzawi: We are diversifying our supply sources of vaccines, so that is evolving.

The Chair: Good. That's what I wanted to know. The CDC is not stockpiling anymore, because it doesn't have the same vaccine protocols that it used to have in policy. I wondered if you were getting it from somewhere else.

Nancy Hamzawi: Yes, we're looking at other sources and we're looking at, from a security of supply chain perspective, precursor products that will help us in terms of domestic production, for example.

The Chair: I want to thank the witnesses for coming and once again sharing their expertise and they knowledge with us.

Some of the questions were difficult, I know, and a bit tough, but you can take it. I want to thank you all.

I would like to move that this meeting be adjourned.