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# Standing Committee on Government Operations and Estimates

EVIDENCE

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Chair: Kelly McCauley





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• (1545)

[English]

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

Welcome to meeting number 39 of the House of Commons Standing Committee on Government Operations and Estimates, known everywhere as the mighty OGGO and truly the only committee that matters.

Before we start, we have to elect our new vice-chair, and I'm going to turn things over to our clerk very briefly.

Go ahead, sir.

**The Clerk of the Committee (Marc-Olivier Girard):** Thank you very much, Mr. Chair.

Pursuant to the Standing Orders, the first vice-chair must be a member of the governing party.

I'm now prepared to receive motions for the first vice-chair.

Go ahead, Mr. Gasparro.

**Vince Gasparro (Eglinton—Lawrence, Lib.):** Thank you.

I nominate Jean-Paul Danko to be the first vice-chair.

**The Clerk:** It has been moved by Mr. Gasparro that Mr. Danko be elected as first vice-chair of the committee.

Are there any further motions?

[Translation]

Seeing none, I will put this motion to the committee.

Is it the pleasure of the committee to adopt the motion?

(Motion agreed to)

**The Clerk:** I declare the motion carried and Paul Danko officially elected first vice-chair of the committee.

Thank you, Mr. Chair.

[English]

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

Mr. Danko, congratulations.

We're going to get right to our meeting. We have the minister on until 4:35, so we're going to get right to the opening statement.

Colleagues, I have a couple of things.

As we're aware, I normally let our speaking engagements go a bit long if we're getting a good response, but because we're tight on time, I'm going to cut everyone off. Please watch your own clocks to avoid being cut off.

Very quickly, there is something about points of order. We're getting into an area of a lot of debate about points of order. So that we're not tying up our committee time, I'll ask everyone to please stick to procedural points of order. If you have a debate issue in which you disagree with the other side, save your speaking time to address that so we don't tap into our committee time.

We'll go right to Minister Lightbound.

Welcome back, sir. The floor is yours for five minutes, and speak quickly so we can get you out on time.

**Hon. Joël Lightbound (Minister of Government Transformation, Public Works and Procurement and Quebec Lieutenant):** Mr. Chair and committee members, thanks for having me again at OGGO. It's a pleasure to be here.

[Translation]

Thank you for having me here today to discuss the Main Estimates 2026-2027 for both Public Services and Procurement Canada, or PSPC, and Shared Services Canada.

We often talk about programs, policies or decisions, but behind all of that, there's something more basic: the very operation of the government. Let's talk about what concerns us.

In the case of PSPC, I'm referring to payroll for public servants, the management of buildings and, obviously, the awarding of contracts. For Shared Services Canada, I'm referring to operating IT systems.

That's exactly what we do every day, at both PSPC and Shared Services. These are not just services; they are essential services that are necessary for the proper functioning of government.

For 2026-2027, PSPC is forecasting a budget of \$5.9 billion, a decrease of \$1.3 billion. As to Shared Services Canada, we are forecasting a budget of \$2.36 billion, a decrease of \$128.6 million. These numbers could change, but they show one thing: We are making choices.

The context is demanding, expectations are high, costs are rising and the risks are very real. In the face of that, our responsibility is simple and clear: to continue providing services to Canadians and to do so diligently.

At PSPC, the biggest change as I said is a decrease of \$1.2 billion, which is essentially related to infrastructure projects. A number of the major projects under our responsibility have in fact been completed. They are now up and running and delivering results.

Still at PSPC, we are also reducing operating expenses by \$97.5 million. That means less red tape, simpler processes and a refocusing on my department's essential mission.

There are some things that we cannot slow down, though. One example is payroll. Behind every transaction, there is a person, a public servant who serves Canadians at our airports, at our ports, on our bases, in our offices across the country. PSPC is responsible for payroll for more than 430,000 employees, in more than 100 organizations. It's a huge and essential responsibility. It's also a matter of respect for the people who run the government every day to ensure that they are paid correctly and on time.

Those expenditures include a decrease of \$57.3 million for the current system, but at the same time, we're investing \$67.6 million to create the new system. Our priority is for public servants to be paid correctly and on time, and for us to finally give them a reliable system that reflects the considerable work they do for all of us.

As to Shared Services Canada, its role is just as essential. As you know, it's the digital infrastructure of government: the systems and networks. Nowadays, I would even say it's mainly cybersecurity. Despite a decrease of \$128.6 million, the department is still investing where it counts: \$63.9 million for basic computer services, and \$37.5 million to better detect and counter cyber-threats.

We can certainly come back to that in the question and answer period, but the cybersecurity environment has changed a lot and continues to evolve. That requires us to adapt to counter the ever-increasing threats to our networks and systems.

Basically, the exercise is easy to summarize. We're finding efficiencies where we can, protecting what's essential, and investing where the risks are growing to make sure we're ready for any eventuality. While these systems are invisible to many of us, they make government operations run smoothly. As a result, many Canadians depend on them.

I won't take any more time. I know that some questions have already been prepared. Thank you very much for your attention. I look forward to your questions.

That said, I would like to take a few seconds to mention the presence, from Public Services and Procurement Canada, of my deputy minister, Arianne Reza, accompanied by Michael Hammond, chief financial officer, from Public Services and Procurement Canada. Similarly, Scott Jones and Scott Davis from Shared Services Canada will be here to support me during my time with you.

Thank you.

• (1550)

[English]

**The Chair:** Thank you, Minister.

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

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

Welcome, Minister and departmental staff. It's good to have you back. I look forward to hearing what you have to share with us, based on the questions.

Minister, you appeared before this committee last year. You said your department was preparing for a comprehensive review of all current and planned federal contracts, to identify cost reductions. How much have you identified in savings from that exercise?

[Translation]

**Hon. Joël Lightbound:** Thank you very much, Mrs. Block.

I'm not sure if this is exactly what you're referring to, but there has been a comprehensive review of spending across all departments. For our part at Public Services and Procurement Canada, we found potential savings of \$642 million over four years and \$190 million in the coming years, so that remains to be seen.

That is what was identified in the expenditure review. The idea was to see where we could find efficiencies and in some cases centralize certain functions within the department.

I think this shows the government's willingness to spend less and invest more, as said, and thus to ensure sound management of public finances.

To summarize, in terms of the comprehensive spending review, in my department, there are \$642 million in savings over four years and \$190 million in the works.

[English]

**Kelly Block:** It's less spending, yet the deficit remains the same or has even grown.

Minister, we heard from Canada Post that, given the government's direction, they are moving forward on the transformation plan that they submitted to you quite a number of months ago. You are the minister responsible for Canada Post. Were you the individual who approved the first phase of Canada Post's plan? If so, why was your name not associated with the decision? It's my understanding that you put out several press releases. In fact, I recall many of them in which you outlined that the situation was dire, but we have not heard anything from your office on this.

[Translation]

**Hon. Joël Lightbound:** There are a number of points to address.

It is true that Canada Post Corporation is part of my portfolio. Nonetheless, I am not responsible for the day-to-day operations of Canada Post or its operational decisions. I set the broad directions and in September I issued a change in direction for Canada Post by saying that, from now on, the corporation would no longer be subject to the moratoriums that have been in place for decades and that prevent it from making the necessary changes to avoid losses. Those losses have been in the order of \$6 billion since 2018. We also want to avoid the need for repeated cash injections from the federal government just to keep the lights on at Canada Post.

What I told the corporation was, first, that the moratorium on the closure of rural post offices was being lifted and, second, that the moratorium on the installation of community mailboxes was being lifted, among other things. That's what Canada Post has started doing.

[English]

**Kelly Block:** I want to interrupt you there, Minister, because it was reported on—the expectations that you outlined for Canada Post last fall. We're very aware of what you called on it to do. I recognize that it is an arm's-length corporation. However, you told it what it needed to do in order to become solvent, and you required a strategic plan, or a transformational plan, that you would then approve so that it could move forward. While it is an arm's-length corporation, you've held it somewhat hostage with regard to being able to move forward by first not approving a strategic plan for years and now PSPC.... Over five years, a strategic plan was not approved. Now we've been waiting to hear if its transformational plan has been approved, and we have not heard that yet.

I'm going to ask you another question. How many postal workers will be laid off as a result of the transformational plan?

• (1555)

[Translation]

**Hon. Joël Lightbound:** I want to go back—

[English]

**Kelly Block:** I just need a number.

[Translation]

**Hon. Joël Lightbound:** I can't give you one, because, as I said, I'm not responsible for Canada Post's operations. I can say one thing, though: Yes, it is true that I have been very involved in Canada Post's affairs, because, in my opinion, it is unacceptable for a corporation to lose more than \$10 million a day and for us to be forced to inject money into Canada Post's operations every year because the business model is no longer working. That is true in Canada, in the United States, and just about everywhere in the western world. The volume is not what it was 20 or 30 years ago.

Now, as to the number of employees, my understanding is that—

[English]

**Kelly Block:** I think we would all agree with you that it is unacceptable to have Canada Post—

**Hon. Joël Lightbound:** We find agreement.

**Kelly Block:** —losing that much money. However, I would say that some of the blame should be laid at the feet of PSPC, as well as

the ministers who have served in that role over the last number of years, for not being willing to approve a strategic plan and make some of the hard decisions that need to be made.

Can you tell me how many postal workers will be laid off as a result of the transformational plan?

**Hon. Joël Lightbound:** To answer, I'm very proud to be part of a new government that is ready, willing and able—

**Kelly Block:** I just need a number. I need to know that you know the number.

**Hon. Joël Lightbound:** —to make these tough decisions—on which I think we agree—on the future of Canada Post. As far as the number is concerned, I'm not in charge of the operations of Canada Post on a day-to-day basis. However, my understanding is that, as the organization rightsizes itself, most of it will be through attrition.

**Kelly Block:** I'm going to provide the number for you because it has been reported: 30,000 postal workers will be losing their jobs.

Thank you.

**The Chair:** Thank you very much, Mrs. Block.

We'll go to Mr. Danko for six minutes, please.

**John-Paul Danko (Hamilton West—Ancaster—Dundas, Lib.):** Thank you, Mr. Chair.

It's good to see you, Minister.

A year ago, Canadians elected a serious and pragmatic government. One of the most important things that we can deliver is trust and confidence in the federal government, and we can ensure that we are strategically using those public tax dollars that are entrusted to us.

In your opening statement, you talked about the importance of the civil service, the value of and respect for the jobs that they do, and the importance to Canadians of the jobs that they do. What steps are you taking to ensure the strategic use of those tax dollars to reduce costs, to improve services and to have the trust and confidence that residents have provided us with?

[Translation]

**Hon. Joël Lightbound:** Thank you very much. That's a great question.

I think the importance of the efficient use of taxpayer dollars cannot be overstated. In my opinion, it's a question of Canadians' trust in their institutions, in their government. It's essential for Canadians to get results and to see that their money is being well managed by government.

I would say that there are two components to what we have done in this regard over the past year.

The first component is horizontal, where each department was asked to look at how it could be more efficient in its own internal processes. I touched on this earlier in response to a question from Mrs. Block.

Within my department, that has led to savings of almost \$700 million for the next four years. There have also been some impressive results from Shared Services Canada, which also went through this exercise, as all departments have. Among other things, it means that we will be able to save \$60 billion over the next three years, as reflected in the spring economic update and the 2025 budget. I think I said horizontal, but I meant vertical, meaning that each department reviews its own process.

The second component is a willingness to look horizontally at what can be done.

In this regard, I am very proud to see for instance that Shared Services Canada and Public Works and Procurement Canada are looking at initiatives to save money by using technological tools that can be used by all departments.

I can give you the example of a tool that was developed right here in my department called GCtranslate. This tool makes it possible to translate, with a great deal of expertise and accuracy, and at a much lower cost, the incredible volume of documents that the Government of Canada is called upon to process. That already results in savings. Once the tool is rolled out horizontally across all departments, the potential savings will be close to \$100 million. Those are considerable savings.

That's just one example. I think there are other examples of the kind of thing that we want to see more or less everywhere in the machinery of government.

[English]

**John-Paul Danko:** Thank you, Minister.

I want to further build on your answer to that question, to the value of the services that the civil servants provide. Having worked in municipal government for a while, and seeing the dedication and commitment that members who work in the public service provide, I would ask this: How are the actions that you and your department are taking respecting the value the civil service gives to Canadians?

• (1600)

[Translation]

**Hon. Joël Lightbound:** I think I alluded to that in my remarks.

One of the priorities I am responsible for in my department is ensuring that the payroll system runs smoothly. No one in Canada is unaware of what has happened with the Phoenix pay system over the past 10 or 12 years. We are now seeing a significant reduction in the infamous backlog. It's dropping steadily from month to month.

Just as importantly, we are in the process of transitioning to the new Dayforce pay system, and we have learned from past mistakes. We are taking one step at a time, making sure that everything is working as it should, rather than doing what we did in the past with Phoenix: deploying the software across the entire government all at once, with the problems we experienced.

For my part, my priority is to reduce the backlog and to make sure that the transition to the new system is done smoothly, and for the benefit of the public servants on whom we rely to carry out essential work for Canadians.

[English]

**John-Paul Danko:** Thank you, Minister.

I want to switch to the use of consultants within the federal government, within the civil service. I worked as a consulting engineer for many years. Oftentimes, when we're hiring consultants in the public sector, they are experts in the field. My question for you is this: What level of consultants are working in engineering and architecture versus in management or financial? When hiring external consultants, what consideration does your ministry take to determine whether the job can be done in-house or whether we need to hire an external consultant?

[Translation]

**Hon. Joël Lightbound:** That's a good question. Much has been written about the use of outside consultants.

There are various categories of outside consultants, but I think we have to remember one thing.

In my department, Public Works and Procurement Canada, for example, most of the outside consultants are engineering, architecture and construction firms. They help us with projects, such as the major projects we have here at the Parliamentary Precinct. They are also responsible for decontaminating contaminated sites. Outside management consultants account for a tiny portion of all government contracts.

In addition, I can tell you that the number of contracts with outside management consultants at Public Works and Procurement Canada has dropped by 36% from one year to the next.

At Shared Services Canada, there has been a 75% reduction. They represent a very small portion of contracts with consultants. As I said, they are much more often for architectural, engineering and consulting engineering work, that is to say major infrastructure work, such as the work we are overseeing at the Parliamentary Precinct.

Ms. Reza, I don't know if you'd like to add anything to that, because you've worked on this a lot.

**Arianne Reza (Deputy Minister, Department of Public Works and Government Services):** It's—

[English]

**The Chair:** I'm afraid that's past our time, so no, you have nothing to add.

We'll go to Madame Gaudreau, please, for six minutes.

[Translation]

**Marie-Hélène Gaudreau (Laurentides—Labelle, BQ):** Thank you, Mr. Chair.

Thank you all for being here.

I'll start with digital providers. Digital providers from the U.S. account for \$3.17 billion in expenditures. Minister, are you committed to growing Quebec's and Canada's information technology sectors to reduce dependence on the American government, among other things?

**Hon. Joël Lightbound:** Yes, I am 100% committed to that. It won't always be possible, but, overall, we want to build that digital infrastructure in Canada and Quebec, and we want to encourage Canadian innovation.

That gives me an opportunity to talk about a policy that I'm very proud of. Since December 16, the "Buy Canadian" policy has applied to virtually all federal government contracts over \$25 million. The policy has two main criteria. The first requires a Canadian supplier. So we are giving Canadian suppliers an advantage. In that regard, we look at the supplier's real economic activity.

What is most important, though, is that we give points for Canadian content when awarding contracts. That can be research and development, intellectual property or jobs. This is fundamental, because people sometimes think that some suppliers are foreign, even though they have a very real presence. What we want is to encourage investment here. I'm not referring to any specific procurement right now, but I'm thinking of IBM Canada, for example. I was at their facility in Bromont where they have 1,000 employees. What we want is to encourage investment, encourage companies that have a real presence in Canada. That is what defines the "Buy Canadian" policy.

• (1605)

**Marie-Hélène Gaudreau:** Yes, I'd like to continue on that topic. Is the Alto project subject to the "Buy Canadian" policy or not?

**Hon. Joël Lightbound:** That's generally the case where possible, but since Alto is a consortium, the structure is a little different. Nonetheless, the "Buy Canadian" policy—

**Marie-Hélène Gaudreau:** What does that mean? People want to know.

**Hon. Joël Lightbound:** It means that, yes, the policy would generally apply to Alto when it moves forward on contracts, because all Crown corporations are subject to the "Buy Canadian" policy. The only limitation is that we must have the production capacity here in Canada. The rationale behind that is that, if there is no capacity, we want it to be created. We want businesses to have a real incentive to invest in Canada.

**Marie-Hélène Gaudreau:** Okay. All the components are often part of a system. I'm not an expert, but I know that in Quebec, we have ballast, ties and metal components, for instance. I'm afraid that people will say that we bought Canadian because we bought drills at Canadian Tire.

Can we get that information in writing? There are people you know very well who are listening to us right now. Davie and Via Rail want to make sure that this policy is not only respected, but that it demonstrates—

**Hon. Joël Lightbound:** The policy has been in effect since December 16, so all procurement after that date is subject to the policy. That's true for departments and Crown corporations, and thus for the federal government.

I'd like to respond to something you just said. One of the problems is that, in the past, we could look at procurement and say that 90% of our suppliers were Canadian. Before the policy came into effect though, to be a Canadian supplier, you had to have an address in Canada and file your tax returns in Canada. Now, what we want is real economic activity in the country, Canadian content and Canadian materials, such as Canadian steel, aluminum, copper and wood. That's really the goal of the policy.

**Marie-Hélène Gaudreau:** I'd also like to have details on the percentage and the criteria, because, like it or not, that's the topic of the day. I'm thinking for instance of Alstom, which you want to help. What is being done? It's already present in a number of regions in Canada. What is the company being told?

**Hon. Joël Lightbound:** We tell them the greater their presence, the more likely they are to win contracts with the Government of Canada.

**Marie-Hélène Gaudreau:** Okay. Have you set specific targets regarding economic benefits for Quebec in terms of jobs, contracts and local content?

**Hon. Joël Lightbound:** Are you talking about the "Buy Canadian" policy?

**Marie-Hélène Gaudreau:** Yes.

**Hon. Joël Lightbound:** It depends. I can't invent needs. It depends on the needs of our client departments, such as the Coast Guard and the navy, the various departments, such as the Department of Transport, or Crown corporations.

Over half a billion dollars in contracts has been awarded under the "Buy Canadian" policy since it came into effect. In all, bids submitted under the policy amount to approximately \$3.5 billion.

**Marie-Hélène Gaudreau:** Okay.

I still have 30 seconds left.

**Hon. Joël Lightbound:** I don't want to take away your opportunity for another question, but I'd like to add something.

We can explain the policy's importance by looking at government procurement in Canada as a whole. All government procurement, whether it's federal, provincial, municipal, public administration and schools, represents about 14% of GDP. This is where government procurement leverage becomes very interesting.

**Marie-Hélène Gaudreau:** I'll come back to that later.

Thank you, Mr. Chair.

[English]

**The Chair:** Thanks.

Go ahead, Mr. Patzer, for five minutes, please.

**Jeremy Patzer (Swift Current—Grasslands—Kindersley, CPC):** Thank you very much, Mr. Chair.

That was a great round of questions from Madame Gaudreau. It was very well done.

I'm going to pick up on a couple of themes that she had, Minister.

When it comes to the buy Canada bit, I had a town and mayor reach out to me because they had received a bill payment for a rental for a Canada Post space from a company operating out of Utah.

I'm wondering if it is standard procedure that you would send bill payments from a contractor out of the United States to pay for a Crown corporation's rental space.

• (1610)

[Translation]

**Hon. Joël Lightbound:** I want to make sure I understand.

Did Canada Post submit that invoice?

[English]

**Jeremy Patzer:** The payment for the rental space by Canada Post to the town was paid for by a third party provider out of Utah. It paid for rental space for the Crown corporation from the town of Leader.

Is that standard practice?

[Translation]

**Hon. Joël Lightbound:** I can't speak to that. I think that's a question for Canada Post. That said, for the moment, the "Buy Canadian" policy applies to procurement of more than \$25 million. I have no information regarding the situation you've just raised. Starting this spring, the policy will apply to procurement of more than \$5 million. That will definitely increase the scope of the "Buy Canadian" policy. As I said in a previous answer, it came into effect on December 16, so it's for future procurement. Regarding this specific situation, I'd invite you to ask Canada Post. If you'd like, my team can help you get the answer.

[English]

**Jeremy Patzer:** I would suggest that some of the low-hanging fruit such as that might be a simple way to bring more things within our own border.

Particularly, the optics of having a Crown corporation sending payment through a third party provider from Utah is probably not a good look for the government, when you're trying to go down this buy Canada pathway.

I'm going to switch to another point.

Canada Post has basically told this committee and Canadians that they will not participate in the gun buyback confiscation program of your government. The government is going ahead with this program, despite objections from groups like Canada Post. The government has hinted at using Canada Post as a means to collect firearms from people, but Canada Post has said no.

Are you going to respect Canada Post's decision, or are you going to force Canada Post to go ahead with this program?

[Translation]

**Hon. Joël Lightbound:** Regarding the firearms buyback program, decisions were made to use various subcontractors to collect the firearms and ship them. As far as I'm aware, Canada Post is not involved at the moment.

[English]

**Jeremy Patzer:** I guess we'll watch and see what happens with that.

The spring update wants to bring back search and seizure for small mail. It was included in Bill C-2. That bill did not proceed. Bill C-12 came in its place, but the search and seizure of mail was dropped. The spring update brings it back.

Are you going to see that it happens, or are you going to take the cue from Canadians who said no to that measure and asked for it to be removed? What's the plan?

[Translation]

**Hon. Joël Lightbound:** When it comes to Canada Post and small packages, meaning letters, it's in response to numerous requests from law enforcement. We now know very small amounts of drugs with serious lethal effects can be shipped that way. It's in response to law enforcement's inability to selectively open packages that could contain such substances. We know, for example, that fentanyl can have a major impact. This is largely in response to what we've heard on the ground. To me, it's all about protecting Canadians.

[English]

**Jeremy Patzer:** Okay. There's a process to get a warrant to access that mail, and that process already exists. What is going to be the threshold, then, Minister, for "reasonable suspicion" to open Canadians' mail?

[Translation]

**Hon. Joël Lightbound:** As I said earlier, right now, we have to wait for a package to reach its destination. We want to have the authority to conduct this type of verification in a safe manner as soon as there are reasonable grounds to believe the package could contain illicit substances.

I would also point out that police forces, particularly, have brought this to our attention many times.

[English]

**Jeremy Patzer:** I don't think that justifies having Canada Post open people's mail. The police can get a warrant, and they could do so. However, Canadians want to know, if you're going to proceed with this, what's the threshold for that letter to be opened prior to its arriving at somebody's house?

[Translation]

**Hon. Joël Lightbound:** We want to be able to do that, but it's not permitted. Moreover, one of the reasons police forces have asked for this many times is that not having this authority represents a danger.

[English]

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

Ms. Martin, go ahead, please, for five minutes.

[Translation]

**Danielle Martin (University—Rosedale, Lib.):** Thank you, Mr. Chair, and thank you, Minister.

My questions are around artificial intelligence, which obviously has great transformative potential, but also carries great risk, as we all know.

• (1615)

[English]

Regarding artificial intelligence, can you help me to understand what our framework is for thinking about appropriate application of artificial intelligence as we try to modernize the public service and save money for Canadian taxpayers in ways that are responsible?

[Translation]

**Hon. Joël Lightbound:** First of all, I'm happy to see you here, Dr. Martin. Thank you for your question.

I think this is a fundamental question at a time when governments need to carefully and intelligently integrate AI into their processes.

On the one hand, you have to look at the back office internal processes, if you will, that require the integration of AI, and on the other hand, the fact that Canadians also want to see AI being used in government services delivery.

Moreover, it's essential to do this to see how data is processed, how transactions are conducted, what AI relies on to obtain the information that was sought, for example, if it's used as an assistant for public servants, where the data is and what are the mechanisms used in the background. We must therefore have absolute control over these processes.

I'm currently working on this with the President of the Treasury Board and the Minister of Artificial Intelligence and Digital Innovation. Treasury Board already has a policy that governs and guides the use of AI.

For my part, from a more operational perspective with Shared Services Canada, I want to see how we can break down these departmental silos, where teams have their own ways of operating, their own types of data, and to come up with solutions that will serve the entire government.

I have with me the president of Shared Services, who has given a lot of thought to these issues.

Mr. Jones, would you like to add something to answer Ms. Martin's question?

**Scott Jones (President, Shared Services Canada):** Thank you, Minister.

[English]

There are a few things I would add. There is a policy on the responsible and effective use of AI, but there are also a number of

ways to make sure that it's free of bias and it's being used effectively, as well as that you can reproduce the decisions that are made and understand why it's making these decisions. All of that together gives a framework for this.

There's also the transparency that comes with the AI registry, where we're using AI, how we're applying it. Also, there's running it on sovereign Canadian infrastructure so that, when it's making inference, it's done in Canadian data centres, on Canadian infrastructure, using Canadian technology. Therefore, we know how it's being done. Then there is the expertise that comes with understanding that; making sure that it's in-house, with public servants knowing how this is running; and working with Canadian companies.

**Danielle Martin:** Thank you.

That was to be my next question, related to data protection, because I think we all would agree that it's critically important, as we learn from and experiment with these technologies, that we ensure our data is kept here and that Canadians can have faith that this will be the case. Thank you for that reassurance.

I think we all know that there will also be an asymmetrical impact on the workers of the Canadian public service as we implement these new technologies. I'm wondering whether you could speak a bit more about.... There are some, as you say, back office and other kinds of functions, and there may be higher-level functions, not too long from now, that may be taken up by AI. Perhaps none of us will have a job, but anyway, when that day comes, are we thinking about how to protect, retrain or offer other opportunities as those asymmetrical impacts make their way through the public service?

[Translation]

**Hon. Joël Lightbound:** Certainly. I see the potential AI can have in public services, how it can enhance the quality work of our public servants. I think many people want to have the right tools to avoid repetitive tasks, which could sometimes be automated. AI could enhance the work of our public servants.

I'd like to talk about a particular initiative. Last week, I met with Minister Glubish from the Ministry of Technology and Innovation. His department created an AI institute for its public servants so they could learn how to use AI tools effectively. It's very popular. I think that's the kind of initiative we need to look at.

[English]

**The Chair:** Thanks very much.

Madame Gaudreau, you have two and a half minutes.

[Translation]

**Marie-Hélène Gaudreau:** I just want to confirm something, because I'm not sure I understood correctly. I was talking about Alto, which operates in two regions of Quebec, and in Ontario. The goal is to nurture talent. Okay. We have the talent, we have the expertise.

Will Alto be forced to comply? We know Siemens and Logistique CAF don't have plants in Canada. With respect to Via Rail, the rail cars ordered by Mr. Garneau were built in California. Via Rail wants to rebuild its fleet outside the Quebec City-Windsor corridor.

Can we be sure the trains will be built by workers in La Pocatière or Thunder Bay? That's my question.

• (1620)

**Hon. Joël Lightbound:** As far as Alto is concerned, I think the question is a bit premature for a number of reasons. There are a lot of steps to go through, and Alto is holding consultations on the route. It doesn't lie with my department per se.

That said, I can give a tangible example related to the "Buy Canadian" policy we put in place. I was very pleased to be in La Pocatière in January to announce the contract for Toronto's subway cars. The cars will be partly built in La Pocatière. Some of the engineering will be done in Saint-Bruno-de-Montarville, and some in Ontario.

I think this contract is an example of how the "Buy Canadian" policy works, the kind of economic solidarity we need. For you, it may be just in Quebec, but for me, it goes beyond Quebec to the rest of the country. As we deal with illegal and unfair tariffs from the Americans, I think that economic solidarity is fundamental. It was great to see people in La Pocatière working on the Vancouver SkyTrain cars. It was great to see the enthusiasm they had for the Toronto subway cars contract. I think that's a good example of what the "Buy Canadian" policy can do.

**Marie-Hélène Gaudreau:** I understand about transparency. I imagine we'll have an opportunity to get the detailed breakdown, because that's our job at the Standing Committee on Government Operations and Estimates. We'd like to have information on all the expected benefits for the regions, by type of economic activity, both in Quebec and the rest of the country.

Would you agree to provide us with that information?

**Hon. Joël Lightbound:** I will gladly appear before the committee with my officials, but if you're talking about current or future procurement, I certainly won't be able to talk about it.

[English]

**The Chair:** Thanks. That is our time, Minister. We're trying to get you out on time.

We go now to Mrs. Jansen for five minutes, please.

**Tamara Jansen (Cloverdale—Langley City, CPC):** Yes, thank you.

Just this week, we heard that your department has referred another individual to police, making it the 10th case of suspected procurement fraud referred for criminal investigation. At our meeting

in December, I asked whether you could commit to including fraud data in your department result report. I was quite surprised by your written response, which said that fraud detection data isn't included because it fluctuates and doesn't reflect performance. I want to make it clear: Is it correct that detecting and preventing fraud are core parts of the job?

[Translation]

**Hon. Joël Lightbound:** Absolutely, and I'd like to add that I'm very proud that we have the office of supplier integrity and compliance, which has the power to ban suppliers, among other things. We will never tolerate unacceptable or illegal behaviour from our suppliers.

[English]

**Tamara Jansen:** If fraud goes up and down significantly, and you have all these new ways of catching fraudsters, logically, it would mean that fraud's something important to track and report regularly. Would you agree? It's a yes or no.

**Hon. Joël Lightbound:** Yes, absolutely.

**Tamara Jansen:** Help me understand, why aren't we reporting this in that report? If fraud is serious, we have a tip line, and investigations recover millions and we refer cases to police, why aren't we putting it in your performance report?

[Translation]

**Hon. Joël Lightbound:** I'll let the deputy minister answer part of your question, but I'll just say that our department has taken measures, including setting up the office of supplier integrity. The reason certain fraud cases were turned over to the authorities is because we suspected fraud on the part of our suppliers. We take supplier fraud and the behaviour of our suppliers very seriously. It's fundamental to respect the integrity of our system.

I'll let Ms. Reza continue.

[English]

**Tamara Jansen:** Okay. I'll ask my next question, then.

Is the latest referral related to the same pattern of subcontractor overbilling, or is it a different type of alleged fraud?

[Translation]

**Hon. Joël Lightbound:** Ms. Reza, could you give us more details?

[English]

**Arianne Reza:** It is overbilling fraud. It's been referred to the RCMP.

**Tamara Jansen:** Okay. When was the PSPC first made aware of this case? When was it referred to the RCMP?

**Arianne Reza:** I think it was referred on April 16, 2026. We weren't made aware of it. We're constantly looking for the fraud detection that you advised. We found it. We cross-referenced it. We found criminal intent and we immediately—

• (1625)

**Tamara Jansen:** Do you know how much the value is?

**Arianne Reza:** Unfortunately, I don't have the value.

**Tamara Jansen:** How many more cases are currently under review that could result in RCMP referrals?

**Arianne Reza:** I'll have to come back with that number. There are always cases in flight that get acquitted or sent on, so I don't have a steady state number right now.

**Tamara Jansen:** Can a supplier under active investigation for procurement fraud still receive federal contracts?

**Arianne Reza:** It's compartmentalized, so we try to manage those that are focused and in flight versus—

**Tamara Jansen:** Really quickly, why is this not included in the performance report? I don't understand.

**Arianne Reza:** I think it's because there are so many new dashboards and fraud-reporting obligations across government that we're looking at the best way to provide the information so that there is some public accounting format.

**Tamara Jansen:** Perhaps you can explain this to me. If we have all these different dashboards and we're trying to figure out how to ensure that we know your actual....

I'm going to ask Mr. Lightbound this. We're trying to figure out how to understand what kind of fraud is happening, and this is the core job that you have, it's part of your performance, yet it's not given to parliamentarians as a performance report. That makes no sense to me. It doesn't matter how many dashboards you have; the report for Parliament should tell us what—

[Translation]

**Hon. Joël Lightbound:** To my knowledge, the cases that have been reported and turned over to the authorities are public knowledge. That said, if we can improve the way the information is made accessible for parliamentarians, I'd certainly be happy to look into it.

[English]

**Arianne Reza:** I would note that there is an annual report that's published on—

**Tamara Jansen:** No. I realize there's an annual report. I'm asking why this isn't in your department report, because it's clearly performance. If there's a huge fluctuation in finding these things, to me that's a performance issue, and that's what we're here to understand.

**Arianne Reza:** It's not necessarily a fluctuation in finding things; where there is fraud, we find it. Sometimes there will be periods when there is no fraud found. Sometimes there will be a stronger period of overbilling, and we are constantly looking at the control functions we're putting in.

**Tamara Jansen:** Your wording was about fluctuation as to why we're not getting that in your department performance report.

[Translation]

**Hon. Joël Lightbound:** Basically, Ms. Jansen, the information is public, and a report is prepared. However, if we can improve the process to make it more accessible for parliamentarians, as I was saying, I'd be happy—

[English]

**Tamara Jansen:** I totally get that. However, when we asked in December, the answer we received was basically that it's because it fluctuates. I don't understand that answer. That's a silly answer.

**The Chair:** That is our time. I know we have PSPC back on Thursday. Perhaps we can pursue it then.

Mr. Gasparro, we'll finish with you, please.

**Vince Gasparro:** Thank you, Chair.

Thank you, Minister, for being here.

I'd like to go back and pick up where my colleague left off in regard to management consultants. If I understand correctly, only about 1.9% of all federal contract spending last year was on management consulting. Is that correct?

[Translation]

**Hon. Joël Lightbound:** Yes, that's correct.

[English]

**Vince Gasparro:** To put that into context, roughly 98.1% of federal contract spending went to other purposes. This is just basic math.

[Translation]

**Hon. Joël Lightbound:** Absolutely.

[English]

**Vince Gasparro:** Perfect. For those at home who need a calculator, I wanted to make sure.

That would include building and maintenance infrastructure, delivering IT systems, cleaning up contaminated sites, providing health services in remote and northern communities, and other operational necessities. Is that correct?

[Translation]

**Hon. Joël Lightbound:** You're making my job easier, Mr. Gasparro.

**Voices:** Oh, oh!

[English]

**Vince Gasparro:** Perfect. I just want to make sure we're level setting, Minister.

It would be fair to say, then, that the vast majority of federal contracting is not about management consulting but about delivering tangible programs and services to Canadians. Is that correct?

[Translation]

**Hon. Joël Lightbound:** Again, that's correct.

[English]

**Vince Gasparro:** Are there policies or controls in place to assess whether work should be done in-house versus contracted out before a consulting contract is approved?

[Translation]

**Hon. Joël Lightbound:** Absolutely.

I think we've developed that reflex in recent years. The fact that this share is quite small, as you pointed out, and represents 1.8% of federal contracts attests to that. However, regarding the decrease in the number of contracts from one year to the next, it's 36% at Public Services and Procurement Canada and 75% at Shared Services Canada.

When we look at all the departments, it's true that the reflex is now to ask whether we have the capacity internally. Sometimes, it may be useful to call on external experts, but the reflex is really to look at our internal capacity.

• (1630)

[English]

**Vince Gasparro:** Great.

How much time do I have, Chair?

**The Chair:** You have two and a half minutes.

**Vince Gasparro:** I want to clarify one thing my colleague Mr. Patzer said earlier.

The way the law is currently worded, police are unable to issue a warrant for small parcels being delivered. The Canada Post Corporation Act does not allow even for the police to get a warrant to open up someone's mail.

I wanted to correct that for the record. We are changing it, but as of now, not even a police warrant can intercept mail.

As the parliamentary secretary for combatting crime, I just thought it was my obligation.

**Hon. Joël Lightbound:** That's a fair point. Police would have to wait until mail is delivered before they can act on a warrant, and that's the issue.

**Vince Gasparro:** That's correct, so it puts police officers at risk and puts others at risk. I just wanted to say that.

**Hon. Joël Lightbound:** You're making my life even easier now, answering questions better than I did in the past.

**Vince Gasparro:** I will just finish off on the management consulting and the contracts. Would you agree that the objective is not to eliminate consultants overall, but rather to perform essential services that we do not have in-house expertise with?

**Hon. Joël Lightbound:** There are areas in which we will always need outside expertise; we can think of engineering, architecture, construction. For large infrastructure projects, for instance, or decontamination of certain sites, we'll need outside expertise. That's for sure.

However, when it comes to management consultants, we've done a great deal to reduce the use of outside management consultants, and the objective is to build the in-house capacity. Where needed, in some instances.... The objective is to reduce it. The results speak for themselves when you look at what PSPC and Shared Services Canada have achieved.

**Vince Gasparro:** Thank you, Chair.

**The Chair:** Wonderful. Thank you very much. We actually got caught up.

Minister and officials, thanks for being with us. We are going to excuse you.

Can we do a quick, two-minute turnaround so we can bring in Treasury Board President Ali and get started for the final hour?

We're suspended.

• (1630)

(Pause)

• (1635)

**The Chair:** Thank you, everyone, for your patience. We are back.

Welcome back, President of the Treasury Board. We'll allow an opening statement from you for five minutes, please. Go ahead.

[Translation]

**Hon. Shafqat Ali (President of the Treasury Board):** Thank you, Mr. Chair.

[English]

I'm pleased to be here with my officials to discuss the 2026-27 main estimates.

The main estimates outline \$502.8 billion in planned spending, including \$230.4 billion in proposed voting spending. They include \$14.7 billion of initiatives announced in budget 2025.

Mr. Chair, tabling budgets in the fall allows for more spending to be reflected in the main estimates and the departmental plans. This helps align the two documents more closely with the budget. The main estimates include reductions that are part of the comprehensive expenditure review and, importantly, Mr. Chair, they show how the government is investing in key priorities to keep our country strong and prosperous.

Mr. Chair, most of the proposed spending in the 2026-27 main estimates would go towards transfer payments. These transfer payments are vital because they help build a stronger and more resilient Canada. They support important priorities such as benefits for seniors, the Canada health transfer and infrastructure projects. They support national, provincial and territorial programs and provide funding for local communities, indigenous groups, non-profits and research institutions. That's why the government is seeking \$300.5 billion in transfer payments, nearly 60% of the total of these estimates.

The main estimates also support activities and investments across the federal government. Less than 30% of the proposed spending, \$148.6 billion, would be directed to operating capital expenses. About a third of this amount is focused on securing Canada's sovereignty by rebuilding, rearming and reinvesting in the Canadian Armed Forces. These main estimates include over \$48 billion in voted spending to support the Department of National Defence. The investments would support modern equipment, training and co-operation with international partners, helping keep Canadians safe and contributing to global stability. Although Canada has met NATO's 2% defence spending target, our work does not stop here. We will continue investing in the Canadian Armed Forces to ensure that we remain strong, secure and prepared for the future as we build Canada strong.

Lastly, Mr. Chair, my department, the Treasury Board of Canada Secretariat, is seeking \$11.8 billion in these main estimates. This will help us meet essential obligations covering public service insurance, addressing rising costs in the public service health care plan, supporting disability insurance programs and accounting for increased payroll taxes.

Mr. Chair, as I mentioned earlier, these estimates also include reductions from the comprehensive expenditure review. This exercise identified savings by eliminating underperforming, duplicated or altered activities, allowing resources to be redirected to higher priorities that strengthen the country.

For TBS, the department is reducing its 2026-27 operating budget by \$28.9 million, and annual savings will reach \$57.8 million by 2028-29.

Mr. Chair, these estimates show that the government is investing in what matters most to Canadians.

My officials and I would be happy to take your questions.

• (1640)

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

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

Welcome back to OGGO, Mrs. Kusie.

**Stephanie Kusie (Calgary Midnapore, CPC):** Thank you, Mr. Chair. It's always a pleasure to be here. I genuinely miss this committee, I have to say, after spending close to three years on it prior to the election. It is great to be here.

President, it is great to see you. Thank you so much for coming here today. I'm so sorry that we haven't had time to meet for coffee yet. I hope your schedule allows for it sometime soon.

Minister, you're here today to defend your government's 2026-27 main estimates, which detail over \$502 billion in spending. That's \$15 billion higher than your 2025-26 main estimates, and it's a stark contrast to the promise of savings that you, the Minister of Finance and the Prime Minister pledged to Canadians.

Your press release for the main estimates begins with these words: "Prudent fiscal management combines the efficient use of public funds with investments to support Canadians and drive economic growth." I want to focus on the phrase "efficient use of public funds" specifically.

You sit in a Liberal cabinet that, in 11 years since forming government, has not once presented a surplus budget. You are a member of a Liberal government that, since 2015, has doubled the entire spend of the federal government, putting the Canadian taxpayers of not only today but also tomorrow—my children and your children—on the hook for your reckless spending.

It's reckless spending that includes a minimum of \$60 million on the ArriveCAN application, \$300-plus million on the PrescribeIT program and \$6.6 billion on a benefits delivery program that has left tens of thousands of seniors without access to crucial benefits such as OAS. That's just to name a few.

It's reckless spending that has seen the total cost of professional and special services across the government rise to an incredible \$26.6 billion in the main estimates alone.

I want to talk specifically about your comprehensive expenditure review. I've questioned you before on this plan and have noted how actions speak louder than words. This is still true today.

Since announcing the CER, the government has tabled the 2025 budget, which saw \$90 billion in net new spending announced. You've tabled the supplementary estimates (C) for 2025-26, which asked for an additional \$5.4 billion in spending last year, and you've tabled these main estimates, which ask for \$502.8 billion in approvals.

None of this spending is less, President, and none of this has shown any progress in the CER. In these main estimates specifically, you presented a plan that sees 64 departments and agencies requesting more money in 2026 than last year. This includes your own department, which has \$11 billion more spending this year over last.

Not only is the total spending on departments higher, but the actual cost of bureaucracy or personnel is up as well in the main estimates, with personnel spending up \$3 billion and 62 federal organizations boosting their personnel spending from last year. This is coming despite your promise to rein in the size of the federal public service, which your government has nearly doubled in the past decade.

Then comes the spring economic update. As shadow minister for the Treasury Board, I was holding out high hopes that this update would finally outline progress made with the CER or showcase how the government is taking its responsibility of being the efficient steward of public funds seriously, as you and your superiors have promised. However, this wasn't the case. The spring update doubled the deficit that Justin Trudeau had expected for 2026-27 and added another \$37 billion in net new spending to our debt.

In fact, the words “comprehensive expenditure review” appeared just four times in the 167-page document, with one of these mentions being tied to consultant spending. Even the Liberal-appointed Parliamentary Budget Officer raised flags with this yesterday in her report on the spring economic update. Despite previous government initiatives to cap or reduce spending on consultants, the public accounts indicate that this spending item has increased consistently in recent years.

• (1645)

Canadians expect prudent fiscal management of their tax dollars; however, your government is not delivering on that, President. With the spring update, we learned that, as a result of the past decade of Liberal spending, the cost to service the national debt will now be \$59 billion—

**John-Paul Danko:** I have a point of order, Chair.

Is there a question?

**Stephanie Kusie:** —representing a cost of \$3,400 for every Canadian—

**The Chair:** I'm sorry. There's a point of order, and I'm going to respond.

Mr. Danko, what's your point of order?

**John-Paul Danko:** The point here is to ask the minister a question—

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

**John-Paul Danko:** Is there a question coming up?

**The Chair:** Mr. Danko, I asked at the very beginning that we hold our points of order for actual procedural issues. I ask that you respect that.

Please continue, MP Kusie. You have 50 seconds.

**Stephanie Kusie:** Thank you very much.

President, I would also be very worried and concerned as a member of the government if it were my government being held to account. I certainly understand the attempt to stop the information that I'm presenting not only to the committee and to the president, which I know he's well aware of, since he stays on top of his files, but also to Canadians.

Minister, in closing, you and your government have noted that the implementation of the CER is well under way. However, as I've outlined, you've brought forward billions in new spending to Parliament and have just tabled the economic update, which does not provide any details on actual savings in 2026 and 2027 by departments and agencies. When I last asked you questions, you said I was confused about your savings plan.

Minister, I'm not confused about your plan, because the plan does not clearly exist.

Can you be honest with Canadians today and share your plan, please?

**The Chair:** I apologize, Minister, but we are past the time. Perhaps you can answer that in Mr. Gasparro's round.

You're up, Mr. Gasparro.

**Vince Gasparro:** Thank you for being here, Mr. President.

You noted in your remarks the total planned spending of \$502.8 billion. Could you highlight some of the main factors driving the increases compared to last year's estimates, please?

[*Translation*]

**Hon. Shafqat Ali:** Thank you for your question.

[*English*]

Thank you for your work.

I was not given the chance to respond to the previous question from my colleague on the main estimates. There was a lot in it. As for the question to me on the estimates, I will remind everyone that this study is about the main estimates 2026-27. As I mentioned, there is \$502.8 billion in spending, up \$15.9 billion from last year.

Chair, there is \$230.4 billion in voted spending and \$272.4 billion in statutory spending.

Approximately \$300.5 billion, 60%, is for transfer payments to, for example, the Canada health transfer, elderly benefits and fiscal equalization.

There is \$14.7 billion in new budget 2025 spending, mainly to defence and infrastructure.

There is \$11.8 billion for the Treasury Board Secretariat, mainly for government-wide costs—for example, public service insurance and benefits. That increase includes vote 20, in which public service insurance is increased by \$1.03 billion. Also, vote 50—defence and security initiatives—is increased by \$1 billion. Those are the main estimates. The major figures are included.

• (1650)

**Vince Gasparro:** Thank you for that.

How is the government approaching cost management while ensuring that Canadians continue to receive the high-quality service they rely on?

**Hon. Shafqat Ali:** We were elected with the mandate to spend less, invest more and balance our operational budget in the next three years, as well as to build the strongest economy in the G7. We are laser-focused on that.

Part of the mandate given to me by the Prime Minister was to launch a comprehensive expenditure review, asking how we could balance our operational budget, find savings from underperforming programs and reinvest into core priorities. That's exactly what we did.

In that review, we will achieve savings of \$9 billion in 2026-27, \$10 billion in 2027-28 and \$13 billion in 2028-29. This is ongoing. Those savings are coming from duplicative, underperforming programs; we're finding those savings and investing in defence, infrastructure and housing.

Those are the core priorities of our mandate in the new government.

**Vince Gasparro:** I'm glad you mentioned the comprehensive expenditure review. Maybe you can elaborate a bit on the impact it's having on our deficit and on the broader purpose and value it brings to improving government operations.

**Hon. Shafqat Ali:** We're focused on finding efficiencies, investing in core priorities and delivering results for Canadians. The main estimates 2026-27 propose over \$48 billion for defence to support modern equipment, training and co-operation with international partners.

The estimates also contain central vote 50, which is \$1 billion to provide flexibility for unforeseen national defence or security needs. All allocations will be reported in the next estimates. These are the measures we have been taking to deliver results for Canadians.

**Vince Gasparro:** Great, thank you.

**The Chair:** We'll go to Madame Gaudreau for six minutes.

[Translation]

**Marie-Hélène Gaudreau:** Thank you, Mr. Chair.

Thanks to all of you.

I'd like to talk a little about the return to the workplace and the lack of space, which we hear a lot about in the media. Obviously, you know the government is requiring public servants to return to the workplace, and reports are suggesting a lack of space in federal offices.

How do we explain this contradiction between an imposed policy and the actual capacity to accommodate staff in the departments?

[English]

**Hon. Shafqat Ali:** Thank you for your very important question. First of all, I'd like to thank all public servants for their contribution in delivering services to Canadians.

The policy is in place to have four days for public servants to be in person and five days for executives to be in person. Obviously, we're working with my counterpart, Minister Lightbound from PSPC, to make those arrangements for the spaces. We are mindful of the health and safety of our public servants.

[Translation]

**Marie-Hélène Gaudreau:** Was a full assessment of all real estate and space needs done before imposing the return to the workplace policy?

[English]

**Hon. Shafqat Ali:** There is a consideration that the policy's in place, and it's PSPC's job to provide office spaces. They are working on that.

• (1655)

[Translation]

**Marie-Hélène Gaudreau:** Well, like it or not, if you run out of space, you turn to attrition. For some public servants, it'll mean the end of their career.

We're short of space because public servants are being asked to come back to work. Buildings will have to be rented, renovated and adapted.

What can we anticipate to adapt? What can we anticipate for infrastructure?

I'm really concerned. On the one hand, we're talking about cuts to the public service, and on the other hand, we're going to have to invest to redevelop offices. I have a hard time explaining that to my constituents. It makes no sense to them. Explain that to me, please.

[English]

**Hon. Shafqat Ali:** Thank you for the question. It's a really important question.

Before COVID, we had in-person office spaces, and the public service was working from offices. Things changed during COVID, and now, we as a new government have an ambitious agenda. We need to deliver services to Canadians, and it's important for our public servants to have a healthy and safe environment in which to collaborate, to have team-building and to deliver services to Canadians. We're working with our counterparts, union leaders and PSPC to make those arrangements.

I'll ask my deputy to shed some light if you'd allow 30 seconds.

[Translation]

**Marie-Hélène Gaudreau:** Just before I give the floor to the secretary, I'd like to say that studies on hybrid work have been done in the private sector. As a member of Parliament, I have employees and we no longer have the same relationship because we use technology more frequently. That's why I'm asking for information. It hasn't been shown that people are more productive when they're on site, whether it's all week or four days a week.

**Bill Matthews (Secretary of the Treasury Board of Canada, Treasury Board Secretariat):** Mr. Chair, I just want to add a brief word to the comments made by the President of the Treasury Board.

We want to build a more effective workforce based on the government's agenda and priorities. We'll get there with the people in the office and senior executives who will be there five days a week. To create a better work environment, it's better if employees have their own space to work. The teams prefer to work together while having an unshared office, desk, etc.

[English]

The change we're making is that we're going to assigned seating, to the extent we can, so that teams can be together: Workforces are more productive that way. We have done some consultation. There are going to be some spaces across the public service, when there was not enough space to do that initially, and it will evolve.

The objective is five days a week for executives, starting this week. That is no problem. Four days is the intention, starting in July, for non-executives. To the extent we can get to more assigned seating, we will do that. However, that will take some time, and it will vary by minister or by department because there was growth across the public service that was not supported by real property additions.

[Translation]

**Marie-Hélène Gaudreau:** I have 10 seconds left.

I'm trying to think about customer service, such as payroll service, and the upcoming transition to what's called Dayforce. It's hard to find any consistency.

[English]

**The Chair:** That's our time.

Mrs. Block, please go ahead for five minutes.

**Kelly Block:** I think it was Mr. Patzer.

**The Chair:** Mr. Patzer, go ahead.

**Jeremy Patzer:** Thank you very much.

Minister, can you, really briefly, inform this committee of this: When did you become the minister?

**Hon. Shafqat Ali:** It was last year.

**Jeremy Patzer:** Are you aware of the Treasury Board's policy on communications and federal identity?

**Hon. Shafqat Ali:** Do you have any specific questions on that?

**Jeremy Patzer:** Broadly speaking, are you aware of it?

**Hon. Shafqat Ali:** There are so many policies. I'd like to know what your specific question is on that.

**Jeremy Patzer:** That's okay. I'll get into it, for sure.

The policy took effect on March 27, 2025. It was updated from a policy from 2016, so it was within Liberal governments. The policy is on communications and federal identity. I'm going to go down to section 3.1, and I'm going to quote:

Government of Canada communications are non-partisan, effectively managed, well coordinated, clear and responsive to the diverse information needs of the public and Government of Canada employees....

It goes on to say, in the definition of “non-partisan”, that it means:

objective, factual and explanatory;

free from political party slogans, images and identifiers; bias; designation; or affiliation;

that the primary colour associated with the governing party is not used in a dominant way, unless an item is commonly depicted in that colour....

I'm going to start here, Minister. Budget 2025 has the words “Canada Strong”. The spring economic update has the phrase “Canada Strong”. Today, from the Liberal Party web page, there are the words “Canada Strong”, and from the convention web page, the words “Canada strong”. Also, Liberal Party fundraising—

● (1700)

**John-Paul Danko:** I have a point of order, Chair.

**The Chair:** I'm sorry, but I'm going to stop the clock.

Go ahead on your point of order.

**John-Paul Danko:** I don't believe we're permitted to use props as part of our committee—

**Jeremy Patzer:** Yes, we are. It's not the House of Commons, Mr. Danko.

**The Chair:** Actually, there are different rules for committees.

Continue, Mr. Patzer.

**Jeremy Patzer:** Thank you very much. The rules matter, and this is what I'm getting to.

The Liberal Party's website has the words “Canada Strong”, and it is soliciting donations. It was the theme of your convention. It's also the theme of your update. It is also the theme of your budget.

The Treasury Board—and you're the minister—sets out the policy, and the policy, this document about Government of Canada communications, is clear. Right here, in the very bottom corner, it has “Government of Canada”.

It's pretty clear that this is partisan branding. Government of Canada branding, in radio and television ads, uses “Canada Strong”. It's quite clear. Since you're the department that sets the policy, are you following up to make sure that the rules set by the Treasury Board are actually being followed by the Government of Canada?

**Hon. Shafqat Ali:** I know the rules, and I saw that.

I just wanted to get back to how.... Canadians elected this government with that mandate to build Canada strong, to build the strongest economy in the G7, to create jobs, to help with affordability and to provide dental care support. Do you think anything from that comes into a policy that becomes partisan?

I think the rules are in place, the rules are being followed and, in your interpretation, you are making this up and misleading Canadians.

**Jeremy Patzer:** I'm making this up. Okay.

**Hon. Shafqat Ali:** It is a partisan-based committee. This committee is—

**Jeremy Patzer:** Minister, I'm going to stop you right there. It's my time.

**Hon. Shafqat Ali:** I'm here to talk about the main estimates 2026-27.

**Jeremy Patzer:** Yes, me too.

**Hon. Shafqat Ali:** Let's not waste our resources, and let's focus on the core matter. The policy you—

**Jeremy Patzer:** Minister, it's my time. I gave you lots of time to respond. Thank you.

This is the spring economic update. It says “Canada Strong” on it. Today, on the Liberal Party website, it says, to donate \$10, \$25, \$100, \$250, \$500 or other to the Liberal Party of Canada. “Canada Strong” is right here.

Your website, through the Treasury Board, is abundantly clear about what defines partisan messaging. It says that the Government of Canada is supposed to be free of partisan messaging, so why is it not free of partisan messaging?

**Hon. Shafqat Ali:** I can say that the messaging is free from being partisan and that rules are being followed. Yes, you have a misconception. You have an illusion. You're trying to make partisan claims, but I can assure you that the rules are being followed.

**The Chair:** Thanks.

We'll now go to Ms. Rochefort, please, for five minutes.

**Pauline Rochefort (Nipissing—Timiskaming, Lib.):** Minister Ali, thank you for your work. I was impressed when you noted that the savings for 2026-27 are \$9 billion. Next year it will be \$10 billion, and after that, it will be \$13 billion. Those are some impressive results and results of good work, so thank you for that.

I'd like to understand something. The budget identifies savings of \$9 billion, as you pointed out, for 2026-27 while the main estimates show an increase in spending. Can you clarify and help us understand how these two figures align?

• (1705)

**Hon. Shafqat Ali:** That's in budget 2025. The savings of \$9 billion are in 2026-27, while the main estimates show an increase in spending this year. The increase in the main estimates reflects new investment from budget 2025 to support Canadians and grow the economy. This includes affordability measures such as the Canada groceries and essentials benefit, which will support over 12 million Canadians. We're also making it easier to buy a home by reducing development charges and providing targeted GST relief for homebuyers. Canadians are also seeing relief at the pump with the temporary pause on the fuel excise tax until Labour Day. At the same time, the \$9 billion in savings will be phased in over the next two years ensuring that we invest now while maintaining fiscal discipline.

**Pauline Rochefort:** I thank you for that response.

I was wondering if maybe you might help us clarify something. I'm not sure when it was, but there was a witness at some point, and we discussed pay for performance versus bonuses. I'm wondering if we might come back to that.

I'm not sure if, Mr. Matthews, it was you when we had that discussion. I felt that we finished the discussion and that there was a lack of clarity.

Could you bring some clarity to that?

**Hon. Shafqat Ali:** Yes. It's a really important question. For executives in the public service, there are two components to their salary. There are incentives and there is a bonus. Those incentives, performance pay, are part of their salary. There are criteria, and if they meet those criteria, achieving the goals and objectives in their performance, then they qualify to get their performance pay. That is part of their package.

The bonus part is a very small portion; about 7% received it last time. At-risk pay is a portion of executives' compensation, on average about 11%, which must be earned annually by meeting some expectations outlined in their performance agreement. I'm just giving you the right wording. This is not something on top of their salary; it is part of their job agreement. If they meet those targets, then they receive the performance pay, as well as a bonus if they're performing exceptionally.

This happens in the private sector as well. If you want to have talent, if you want to provide world-class government services, then you need to attract people. I'd like to thank them for delivering services to Canadians, and for their commitment and their dedication.

**Pauline Rochefort:** That's important for retention as well, certainly.

I'm always impressed when we talk about consultants and the reductions that we have been making on that front. Could you share with us how you're going to be following that and tracking it and how it will be achieved, the continued reductions in consultant services?

**The Chair:** You have 20 seconds.

**Hon. Shafqat Ali:** Overall, in management consultants we had a reduction last year from \$900 million to \$450 million. Sorry, it was from \$837.8 million to \$449.8 million, so it was a reduction of 46% in 2024-25.

**Pauline Rochefort:** Impressive. Well done.

Thank you.

• (1710)

**The Chair:** Madame Gaudreau.

[Translation]

**Marie-Hélène Gaudreau:** Thank you, Mr. Chair.

Earlier, your colleague explained that the 430,000 public servants would finally, and I emphasize the word “finally”, have a reliable system called Dayforce. Not a week goes by without people coming to my office to talk about the Phoenix pay system, so it's going to take a lot for them to regain a modicum of trust. Not only are we saying “finally”, meaning the current system really wasn't working and was criticized for too long, but there was also talk of reducing the backlogs.

In fact, we don't want any more mistakes; we don't want any more detours. What commitments have you made before making a step-by-step transition to Dayforce?

**Hon. Shafqat Ali:** Thank you very much.

[English]

That's a really important question. Although this is a PSPC question, as the employer of the public service, I hear it. I'm committed to providing proper oversight and implementing policies, as well as making sure that these services are provided in a timely manner and as effectively as we can. I think the backlog has come down, but it is still there.

I'm going to ask the deputy to highlight the current status of that.

**Bill Matthews:** Certainly. The backlog has come down, but it's still there, as the minister said.

[Translation]

The plan developed by Public Services and Procurement Canada aims to reduce or eliminate backlogs for the three departments that will adopt the new pay system. Those are Shared Services Canada and Public Services and Procurement Canada, Minister Lightbound's two departments, and the Nuclear Safety Commission. Those are the first three departments to adopt the new software.

We're going to learn from their experience. I think we'll be adopting the new software last year, but the planning is under way.

**Marie-Hélène Gaudreau:** You mean next year.

**Bill Matthews:** Yes, I apologize. That's important.

Those are the three departments.

[English]

We call them “vanguard departments”. They're the first three adopters. PSPC has focused on eliminating the backlog for those three first, because without that backlog eliminated, adoption is not going to be as easy as it should be, so that's the focus.

[Translation]

**Marie-Hélène Gaudreau:** Thank you very much, Mr. Chair.

[English]

**The Chair:** Thank you.

Now we'll go to Mrs. Block.

**Kelly Block:** Thank you, Chair.

Welcome to you, Minister Ali, and to your department officials.

I want to circle back to the intervention that my colleague made.

Minister, as the President of the Treasury Board, you oversee the policies that guide the non-partisan advertising that is to take place with the Government of Canada. I'm wondering if you would table with this committee the advice that you would have received, from either your deputy minister or anybody else within your office, that the rules of the Treasury Board, when it comes to non-partisan advertising, were being followed, especially after this concern was raised with the Privy Council Office last week. Can you table with us any advice that was given to you around these non-partisan advertising rules?

**Hon. Shafqat Ali:** I think the policy is clear. Through the chair, we sent—

**Kelly Block:** Minister, I'm not asking you to talk about the rules. I'm asking you to table with this committee the advice you received, because you indicated that you had been advised that the rules were being followed, that the slogan that is—

**Hon. Shafqat Ali:** What I said—

**Kelly Block:** I'm sorry. Just a minute, please. Let me finish.

**Hon. Shafqat Ali:** I would like to correct you, because—

**Kelly Block:** No, let me finish, please. This is my time, and I'm not even done asking the question.

You had indicated that you had been advised that the rules were followed, that there was no partisan advertising happening with the Government of Canada's spring economic update. I'm asking you to table with us the advice that you were given.

• (1715)

**Hon. Shafqat Ali:** Chair, can I clarify this, please?

She said that I said in my intervention that I was advised. I didn't say that. I said that the rules are clear and are being followed, just to set the record straight.

I don't know where you got—

**Kelly Block:** Well, we can go back to the Hansard.

**Hon. Shafqat Ali:** —that I took advice. I don't know where you're taking that from.

**Kelly Block:** We can go back to the Hansard and check that out.

**Hon. Shafqat Ali:** What I said to my colleague—

**Kelly Block:** I think you said you were told that these rules were being followed.

**Hon. Shafqat Ali:** I didn't say that I was told. I said that rules are being followed. You can check the recording.

**Kelly Block:** Okay, we will.

**Hon. Shafqat Ali:** What I said was that there are rules and they are being followed. This is not partisan.

Now you're inserting that I took advice, and you want me to present that. That's what I'm trying to correct.

**Kelly Block:** Well, we will go back and take a look at the Hansard. In fact, we can look it up right now and have that answer for you before you leave at 5:30.

Okay, I'll move on. Minister Ali, in your government's spring economic update, the real GDP forecasts from the Bank of Canada are lower than what your government predicts in 2027. Why is the government's fiscal planning assumption more optimistic than the Bank of Canada's assessment, and what is this based on?

Then my second question would be, what happens if your projections are wrong?

**Hon. Shafqat Ali:** Thank you for the question.

We, the new government, came with this mandate. We were elected with the mandate to spend less, invest more, build the strongest economy in the G7 and—

**Kelly Block:** Mr. Chair, I have a point of order.

Can you direct the witness to answer the question?

**The Chair:** She's asked a pretty straightforward question. We would appreciate a straightforward answer, please.

**Hon. Shafqat Ali:** Should I be allowed to respond?

**The Chair:** You can respond with an answer, yes, please.

**Hon. Shafqat Ali:** The answer has a background, and then it comes to the answer. Do you want me to give you the answer as you need it or should I be giving the factual answer?

**The Chair:** We'll give you a bit more time if you want to add context to it, but please get to the answer.

**Hon. Shafqat Ali:** Can you repeat the question, please?

**Kelly Block:** Sure, I can do that.

In your spring economic update, the real GDP forecast from the Bank of Canada is lower than your government predicts for 2027. Why is that, what are your assumptions based on, and what will happen if the projections are wrong?

**Hon. Shafqat Ali:** Bill, can you please respond to this question?

**Bill Matthews:** Certainly.

It is really the purview of the Minister of Finance to make projections, but what the government does in the budget and its updates is present the assumptions made by others, including the Bank of Canada.

These are forecasts, so there's absolutely room for different numbers. In the budget, the government typically does include some other scenarios to show the effect of better or worse economic performance than anticipated so that you can see the impact on the deficit, but this is really the purview of the Minister of Finance.

**Kelly Block:** Thank you for that answer. I appreciate that, Mr. Matthews.

How much time do I have? I'm probably done.

**The Chair:** You have about 20 seconds.

**Kelly Block:** Thank you.

**The Chair:** We'll go to Mr. Osborne, please. Welcome back.

**Tom Osborne (Cape Spear, Lib.):** Thank you, Mr. Chair.

I have a question, Mr. President, but it's probably in jest.

If these books—the budget and the estimates—are political, can you tell me why they're blue?

**Voices:** Oh, oh!

**Tom Osborne:** At any rate, I'll get to my real question.

Mr. President, in these geopolitical times, it's not just nice but essential to have strategic investments such as national defence investments, the Build Canada Homes investments and the major projects, but we also have a goal as a government to balance the books.

Can you talk about areas in which we have seen progress in terms of the comprehensive expenditure review and what the plans are over the next couple of years so that we can see the reductions that taxpayers are looking for?

• (1720)

**Hon. Shafqat Ali:** It's a really important question. As we all know, we're facing global instability. We are facing an affordability issue. We are seeing a crisis in gas and other sectors. We are in a tariff war.

We have to focus on the priorities that matter most to Canadians: moving from reliance to resilience, building the strongest economy in the G7, securing our borders and investing in energy, infrastructure and the Canadian Armed Forces. That's exactly what we're laser-focused on.

Our comprehensive expenditure review was.... A mandate was given by Canadians to balance our operational budget in three years and to find savings to invest in areas in which investment was needed the most. That is exactly what we are focused on. That's where you see \$48 billion for defence support. It's to provide modern equipment and training to men and women in uniform who are securing our borders and can protect our sovereignty and build Canada strong. We are investing in infrastructure.

Finding those underperforming initiatives and investing in Build Canada Homes to build affordable homes is the focus of this government and the focus of this exercise, which means more high-paying jobs in other sectors.

For example, we're hiring 1,000 RCMP officers and 1,000 CBSA officers. In defence, recruitment is at a 30-year high. Those are the investments we are making and focused on.

At the same time, we're trying to bring our public service to a sustainable level to balance our operational budget in the next three years.

**Tom Osborne:** We saw a 10% reduction last year in the hiring of consultants. We are focused on achieving a 20% reduction over the next two to three years. Can you tell me what policies and what efforts are in place to ensure, as we reduce these consultants, that we have in-house expertise?

To go a step further, are there plans to build on that expertise? What are those plans?

**Hon. Shafqat Ali:** This is a really important question. There are some services that critically rely on consultants or contracts, such as the renovation of Centre Block, shipbuilding or providing health services in indigenous communities. We have to rely on those contracts and consultants, but having management consultants has come down. That was about 46% last year. It has decreased.

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

Thank you for being with us again today, Mr. Matthews. I think you're back with your team on Thursday. We'll look forward to seeing you then.

We will dismiss you. Thank you for being with us.

**Hon. Shafqat Ali:** Are we done, Chair?

**The Chair:** Yes.

**Hon. Shafqat Ali:** Thank you.

**The Chair:** Colleagues, quickly before we leave, Thursday at noon is our cut-off for the witnesses for the buy Canada study, please.

When we're back from our break, we will be doing a couple of days of the CER report. We will do the buy Canada, and then we'll also squeeze in the PBO on the mains before we have to report back the mains. Then we'll have our vote on the mains as well.

Please get your witnesses for the buy Canada study in to the clerk by Thursday at noon.

Again, thank you for being with us. If there's nothing else, we will adjourn.

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