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Chair: Mr. Robert Kitchen



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• (1835)

[English]

The Chair (Mr. Robert Kitchen (Souris—Moose Mountain, CPC)): Welcome to meeting number six of the House of Commons Standing Committee on Government Operations and Estimates.

The committee is meeting today from 6:34 to 8:34 to hear from the Minister of Public Services and Procurement, and the officials, on the main estimates for 2020-21.

The committee will meet next Wednesday, on November 18, from 3:30 to 5:30 and will hear witnesses as part of its study on the Nuctech security equipment contract. Officials from Public Services and Procurement Canada, Global Affairs Canada and the Communications Security Establishment will appear on that day.

Pursuant to the motion adopted by the House on Wednesday, September 23, the committee may continue to sit in a hybrid format. This means that members can participate either in person in the committee room or by video conference, via Zoom.

To ensure an orderly meeting, I would like to outline a few rules as follows.

Interpretation in this video conference will work very much like in a regular committee meeting. You have a choice at the bottom of your screen to select the floor, English or French. Before speaking, please wait until I recognize you by name. When you are ready to speak, you can click on the microphone icon to activate your mike. When you are not speaking, your mike should be on mute. To raise a point of order during the meeting, committee members should ensure that their microphone is unmuted and say “point of order” to get the Chair’s attention.

In order to ensure social distancing in the committee room, if you need to speak privately to the clerk or analysts during this meeting, please email them through the committee email address.

You should all have received the speaking notes that were distributed 20 minutes ago, including the speaking notes from the minister.

I will now invite the Minister of Public Services and Procurement to make her opening statement.

Minister, go ahead.

Hon. Anita Anand (Minister of Public Services and Procurement): Thank you so much, Mr. Chair.

It's a real pleasure and honour to be here with all of you this evening, which is my fourth appearance before this committee this year.

Before we start, I would like to take a moment to acknowledge that we are on the unceded territory of the Algonquin nation.

[Translation]

With me today are Bill Matthews, Deputy Minister of Public Services and Procurement Canada, James Stott, Assistant Deputy Minister, as well as other departmental officials.

Today, I am pleased to appear before you to discuss our requests for funding in the main estimates and supplementary estimates for 2020-2021.

[English]

In our main estimates, PSPC is requesting \$4 billion. Just over \$3 billion of that amount will be spent on property and infrastructure, including the parliamentary precinct. Of that, \$316 million is for payments in accounting; \$170 million for government-wide support programs including the Translation Bureau—*merci beaucoup*; \$206 million for the purchase of goods and services; \$4 million for the procurement ombudsman; and \$281 million for internal services.

Mr. Chair, I will also address our supplementary estimates (B) in which we are asking for an additional \$720 million, with the bulk of those funds supporting Canada's important response to COVID-19. For the last several months, PSPC has been working non-stop to procure vital PPE and other medical supplies for front-line health care workers. More than two billion individual pieces of equipment have been procured. More than half of that has been delivered. We are increasingly turning to competitive processes wherever feasible. Equipping health care providers remains our priority, but the needs for PPE are also significant especially as we approach and are involved in this second wave.

This is why the department launched the essential services contingency reserve. This emergency backstop allows organizations to apply for temporary, urgent access to PPE and other supplies on a cost recovery basis. Today, we are requesting \$500 million in our supplementary estimates (B) to support this important initiative.

Additionally, our government has delivered to the provinces and territories more than four million rapid test kits in the last few weeks. This is from the total of 38 million rapid tests that we have procured to date.

We also continue to aggressively pursue vaccine candidates. Canada now has agreements with seven of the world's leading vaccine developers and has the most diverse portfolio of vaccine candidates in the world. We know that logistics associated with vaccine distribution can be complex, which is why we are not waiting to act. We are moving quickly on this. We have begun to put contracts in place for end-to-end logistics solutions.

• (1840)

[Translation]

Another priority is pay.

Mr. Chair, while our COVID-19 response is my number one priority, there is a lot of other important work taking place at PSPC.

On public service pay, I am pleased to say that we have made significant progress in stabilizing the Phoenix pay system and eliminating the backlog of transactions. As of October 18, the backlog of transactions with financial implications has decreased by 71% since the peak of January 2018.

[English]

Mr. Chair, I will now turn to another major file where work is continuing even through the pandemic, which is our portfolio of crown-owned real property.

Building on the successful completion of the West Block and the Senate of Canada buildings, PSPC will continue to advance important work on the Centre Block and the West Memorial building, which will allow it to accommodate the Supreme Court of Canada during that building's renovations.

I will note that through the supplementary estimates (B), we are requesting \$285 million to support operations, repairs and maintenance across all of our buildings. Some of these funds will be used to increase cleaning services to keep employees safe throughout and after the COVID-19 pandemic.

[Translation]

I will now turn to the file on revitalizing science infrastructure.

Mr. Chair, at a time where we are all looking to the expertise of our public health officials to guide us through the pandemic, the work of the government's science departments and agencies is especially important to our daily lives.

As part of PSPC's work on the government's Laboratories Canada strategy is our long-term plan to revitalize Canada's science infrastructure.

• (1845)

[English]

We have asked for \$101 million in our budget for expenses in this regard.

Mr. Chair, I have outlined some of the important work being led by our department, which has performed admirably during this pandemic. The portfolio is broad and diverse. The department's work is vital to support this government and all Canadians in many different ways, but especially during the COVID-19 pandemic.

I am so looking forward to speaking with you this evening and working with parliamentarians, our client departments, Canadian suppliers and the employees at PSPC to continue to respond to COVID-19 and provide other essential services to government and Canadians.

I would now be pleased to take your questions. Thank you.

[Translation]

Meegwetch.

[English]

The Chair: Thank you, Madam Minister.

We'll now start our first round of questions.

Mr. Paul-Hus, you have six minutes.

[Translation]

Mr. Pierre Paul-Hus (Charlesbourg—Haute-Saint-Charles, CPC): Thank you, Mr. Chair.

Thank you for joining us today, Madam Minister.

I want to remind you that we are here to talk about the main estimates. We will see you again soon on supplementary estimates (B).

Minister, Davie shipyard is important to Quebec. However, it is still in the prequalification stage and we are awaiting final qualification for inclusion in the national shipbuilding strategy.

Will we have the answer before the end of 2020, yes or no?

Hon. Anita Anand: Thank you very much for the question. It's very important.

First, I would say that Davie is a strong and reliable partner that is working hard to help our government get results for Canadians.

Mr. Pierre Paul-Hus: Madam Minister, could you tell me whether or not we will have an answer about the final qualification by the end of the year?

[English]

Hon. Anita Anand: Of course we are undertaking a fair and transparent process to add a third Canadian shipyard. The process is being overseen by an independent fairness monitor. We are aiming to have a decision in the next few months. We hope we will be able to be timely in this regard.

Mr. Pierre Paul-Hus: A few months: that means after the end of 2020.

Hon. Anita Anand: That's correct. We have been working very hard on this process. I will say that the Davie shipyard has benefited considerably over the last years. Regardless of the third shipyard qualification, we value the work that Davie does. I will be working very hard with my department to render a decision in this regard shortly.

[Translation]

Mr. Pierre Paul-Hus: We hope it will happen quickly.

Right now, there are three major shipyards in the country: Seaspans Shipyards, Davie, and Irving Shipbuilding.

Madam Minister, which of those shipyards is capable of building a polar icebreaker like the John G. Diefenbaker?

[English]

Hon. Anita Anand: I appreciate the question about the polar icebreaker. We do have very well-equipped shipyards as part of our NSS. We're very pleased to be working with them. As you know, we have a process in place regarding the polar—

[Translation]

Mr. Pierre Paul-Hus: Excuse me, Madam Minister, but my question is clear.

Do you know which of the three major shipyards in Canada are capable of building a ship like the John G. Diefenbaker? Which shipyards are capable of doing so?

[English]

Hon. Anita Anand: As you know, perhaps, all Canadian shipyards were able to participate in the request for information, which closed on March 13, 2020. Those responses were received by our department. We are now reviewing those responses regarding how best to proceed so that the polar icebreaker can be delivered in the most timely and most efficient manner.

[Translation]

Mr. Pierre Paul-Hus: Okay.

During question period in the House of Commons, I asked you a question about the \$237 million contract awarded to Frank Baylis, and you answered that there was no contract between the federal government and Baylis Medical.

Do you still maintain that position?

• (1850)

[English]

Hon. Anita Anand: Could I get clarification on the actual question?

[Translation]

Mr. Pierre Paul-Hus: A few weeks ago, during question period, I asked you a question about Frank Baylis and you answered that there was no contract between the federal government and Baylis Medical.

Do you maintain that position?

[English]

Hon. Anita Anand: As the Minister for Public Services and Procurement, I can say that we oversaw the build-up of domestic industry, and that process was initiated with ISED. The contract that was ultimately signed in this regard was with a company called FTI. That is the contract I was referring to in the House of Commons when we were discussing it at that time.

[Translation]

Mr. Pierre Paul-Hus: I have here, in black and white, a document from the Government of Canada confirming that the government awarded a contract to Baylis Medical. The document comes from Health Canada. I can forward it to you if you wish.

You are new. You were elected last fall. So you may never have met Frank Baylis. However, when the contract was awarded, when you learned that FTI Professional Grade was created a week before the contract was awarded and there was a scheme to award a contract to Frank Baylis, did you, as Minister of Public Services and Procurement, feel any discomfort, or did it seem natural to you?

[English]

The Chair: Madam Minister, could you answer that in 30 seconds or less, please.

Hon. Anita Anand: I really appreciate the chance to have a conversation about this, because I have no idea who Frank Baylis is. I've never met him. I've never seen him. I couldn't pick him out of a crowd.

The point you are making is well taken. This process of choosing the ventilator companies, which would stand up domestic production at a time when Canada had no domestic production and there was global demand for ventilators, was initiated by ISED under its made-in-Canada initiative.

After an independent process of experts reviewed proposals and chose five suppliers, those suppliers were told to...our department at PSPC, and they continued to go forward with the contracts in this regard. Our government's priority was to build up domestic capacity, and that is exactly what we have done in this area to stand Canada in good stead, to have supply chains for ventilators, in response to urgent needs of the provinces and the territories.

I'll ask my deputy minister if he has anything to add.

The Chair: Thank you, Madam Minister. Thank you Mr. Paul-Hus.

[Translation]

Mr. Bill Matthews (Deputy Minister, Department of Public Works and Government Services): I would like to add that—

[English]

The Chair: Excuse me, Mr. Matthews. We will go to the next questions.

Mr. Weiler.

Mr. Patrick Weiler (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.): Pardon me, Mr. Chair, you were quiet there. Do I have my six minutes now?

The Chair: Yes, Mr. Weiler, you do.

Mr. Patrick Weiler: Okay, thank you.

First, I want to thank the minister for coming to our committee for the fourth time, and to thank the officials for joining her today.

I'd like to start with something that is certainly top of mind for folks right across the country. It's something I'm hearing about constantly, with the really good news that has come out recently about the Pfizer vaccine.

Minister, related to your comments earlier, I understand that you and your department have been working really hard to make sure that Canadians have access to a vaccine when it is ready. I was hoping you could give us an update on how this process is going.

Hon. Anita Anand: This topic is of extreme importance to Canadians, and we are seeing every day the news, like we heard today from Moderna, coming out.

Let me just provide the context for our vaccine procurements for you and the committee. We have bilateral agreements with seven of the world's leading vaccine candidates, and access to another six vaccine candidates through the international COVAX facility.

This procurement process, which was occupying our attention very much over the summer months, guarantees Canada a minimum of 194 million doses, with options for up to 414 million doses. The agreements cover different types of vaccines: mRNA, protein subunit and viral vector technologies, in particular. The strategy was that we needed to make sure that Canadians had access to a diverse range of candidates, because at this stage we don't know which vaccine is going to cross the finish line—or vaccines, for that matter. We don't know which vaccine is going to get Health Canada approval, and so we need to make sure that Canadians have access to a diverse portfolio, and that's exactly what we did.

We're also working with manufacturing facilities here in Canada. We've invested \$126 million in the Royalmount facility to ensure domestic biomanufacturing of vaccines. We've also invested in a Canadian supplier, Medicago, out of Quebec, to make sure we have a Canadian or made-in-Canada solution here as well.

This is a broad-based approach to vaccine procurement. It is ongoing, especially with the logistics now, but that gives you a snapshot of what we are working on at the current time.

• (1855)

Mr. Patrick Weiler: Thank you for that.

You touched on it a bit, but I was hoping you could speak a little more to the challenges associated not only with the procurement of vaccines, but also with their distribution. Some of the vaccines need to be stored in -70°C, for instance, so I was hoping you could share more information on how these logistical and distribution challenges are going to be managed.

Hon. Anita Anand: It is a very good question, and I think it's a question on Canadians' minds right now.

I've already spoken about the importance of the regulatory approval process, and I want to set out the stages that we are working on in the logistics process. After regulatory approval, we need to also think about biomanufacturing and fill-and-finish capacity here in Canada, because some vaccines may arrive in vat format that will require filling and finishing to occur here in Canada. Once that occurs—and we're hoping that we will have a Canadian facility here to do that to some extent in the Royalmount facility in Quebec that I mentioned—there's the distribution process.

As for your attention to the need for storage or refrigeration at -75°C for the Pfizer vaccine, that is part of the distribution process. We have put in place contracts for deep freeze and refrigeration to enable us to meet the needs of the vaccines made by Pfizer and Moderna. For example, we will have the ability to store 33.5 million doses at a time in the freezers for ultra-frozen and frozen vaccine storage that we just put in place last week.

In addition to the distribution of vaccines, we are also working on supporting the provinces and territories in the administration of the vaccines. In that regard, we have procured 90 million syringes, 100 million needles, Sharps containers, 90 million alcohol swabs, 75 million bandages and gauze strips. This is very much a collaborative approach with the provinces and territories. We are placing orders based on indications and orders that are coming from the Public Health Agency of Canada. It is not just PSPC deciding what should be ordered. Based on the vaccine task force and the Public Health Agency of Canada, we are putting in place the logistics and the distribution systems.

Mr. Patrick Weiler: Thank you, Minister.

I'm not sure if my last question would fall under your ministry. How will we determine which Canadians get access to the vaccine first, and will Canadians have access to the vaccine once it's ready?

Hon. Anita Anand: You're right that that's not truly within my portfolio. It is a cross-government discussion about who will get the vaccines first, but we will take note that the national advisory committee on immunization released preliminary guidelines at the beginning of the month to guide the development of priority plans.

Minister Hajdu is engaging directly with provinces and territories on prioritization. The provinces and territories themselves have the best knowledge of the health care systems in their jurisdictions, so they will be making the final decisions in that regard.

Thank you.

• (1900)

The Chair: Thank you, Madam Minister. I appreciate that.

We'll now go to Ms. Vignola for six minutes.

[*Translation*]

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

Thank you for being here, Ms. Anand.

As part of the national shipbuilding strategy, Irving Shipbuilding delivered the first of six new Arctic and offshore patrol ships to the Royal Canadian Navy on July 31, 2020. The total cost of the project is \$4.3 billion.

The ship HMCS Harry DeWolf had an unexplained breakdown.

As part of the national shipbuilding strategy, do procurement agreements, and in particular the contracts with Irving, include terms and conditions to ensure that any performance issues are resolved quickly at the shipyard's, not the government's, expense?

[*English*]

Hon. Anita Anand: Thank you so much for the question. It's certainly an important one.

Can you hear me?

[*Translation*]

Mrs. Julie Vignola: Yes, I can hear you well.

Hon. Anita Anand: Thank you for the question.

[*English*]

As minister, I take the contracts, every single contract, very seriously, including issues relating to the costs that Canadian taxpayers are bearing under this strategy.

By the same token, I believe that the NSS does offer significant benefits to the broader Canadian economy, so these are the things that we are balancing at the current time.

We are making sure that our investments in the AOPS for the Coast Guard are allowing the delivery of important services for Canadians and creating good middle-class jobs.

[*Translation*]

Mrs. Julie Vignola: Okay.

I have no doubt that you are making sure that the budgets represent the costs well and so on.

If there is a problem, is it fixed at the expense of the shipyard or of the government?

[*English*]

Hon. Anita Anand: As you can imagine, these are massive issues. They are large contracts that extend over multiple years. They're long-term contracts, so we are constantly engaged with each shipyard regarding its ability to perform under the terms of the contract.

I have asked my department to be very serious in its conversations with the shipyards to make sure that we are maintaining their compliance with the terms of the contracts, and in that regard, I will ask my deputy minister to provide some more details.

[*Translation*]

Mrs. Julie Vignola: It's simple, the shipyard or the government pays.

[*English*]

Mr. Bill Matthews: I will just add that the ships are complex and large, and they do come with warranties, so anything that happens during the warranty period is absolutely covered by the shipyard. Beyond the warranty period is obviously a different question.

[*Translation*]

Mrs. Julie Vignola: Thank you.

Will the breakdown I mentioned affect the delivery schedule of the second Irving vessel, yes or no?

Mr. Bill Matthews: I want to clarify that it is the first vessel in this class.

Mrs. Julie Vignola: There will be a second one. Will there be a delay in delivery?

Mr. Bill Matthews: If there are problems, the shipyard will fix them. It is important to examine the vessels to make sure everything is working properly.

Mrs. Julie Vignola: We agree on that.

Will the problem that needs to be fixed on the first vessel delay the delivery schedule of the second vessel?

[*English*]

Mr. Bill Matthews: The second AOPS for the Royal Canadian Navy is currently scheduled to be delivered in the spring of 2021, and it's the second in class. Then we will be hitting a schedule of roughly one per year as we go forward.

• (1905)

[*Translation*]

Mrs. Julie Vignola: If I understand correctly, the delivery should not be delayed.

[*English*]

Mr. Bill Matthews: That's the current schedule as I just outlined.

[*Translation*]

Mrs. Julie Vignola: Okay.

I would like to understand why the largest shipyard—which represents 50% of Canada's shipbuilding force, and is on time and on budget—received only \$3 billion, while the other shipyards, which have accumulated delays and cost overruns, received \$77 billion.

I just want to understand the logic behind that.

[English]

Hon. Anita Anand: As I mentioned, these are long-term contracts, and what we have are specializations growing within the shipyards. Whereas the Vancouver shipyard has a specialization in the science and research ships and the icebreakers, for example, the Irving shipyard is focused more in the defence area.

With this division of labour, so to speak, we are able to ensure we are meeting the needs of various sectors of the Canadian economy.

[Translation]

Mrs. Julie Vignola: I understand, but a shipyard that represents 50% of the shipbuilding force is capable of doing both.

[English]

The Chair: Excuse me for interrupting, Ms. Vignola. You have just 30 seconds.

[Translation]

Mrs. Julie Vignola: Okay.

We have a shipyard that is capable of meeting the needs of both of these areas, defence and science, and that represents 50% of the building force. Yet it only received \$3 billion compared to \$77 billion for the other two shipyards.

I am trying to understand the logic.

[English]

Hon. Anita Anand: As you know, Davie is in the process of qualifying to be the third shipyard. The two shipyards in the NSS at the current time are VSY and Irving, and that is why we have this division of labour between two shipyards, with other shipyards, including Davie, being able to qualify for builds.

In fact, Davie has been awarded \$2.1 billion in national shipbuilding strategy contracts. They are presently converting three icebreakers for the Coast Guard, and they're undergoing this process to become the third shipyard. Davie is an important partner for Canada, and we are very happy to work with the Davie shipyard, as I mentioned. That is the reason why this number, \$2.1 billion, should be highlighted at this time.

The Chair: Thank you, Minister.

We will now go to Mr. Green.

You have six minutes.

Mr. Matthew Green (Hamilton Centre, NDP): Thank you very much, Mr. Chair. Through you, let it be said that this honourable minister does not shy away from committee, and so I appreciate her repeated appearances before us. These are very important topics.

In her the opening remarks, the minister touted the government's seven contracts for COVID vaccinations. I would suggest to you, and all of committee in fact, that the vaccinations are the crux of our getting out of what could potentially be a third and fourth wave of COVID really crippling the economy. However, I'm still unclear about the difference between true purchase contracts—money down, paid up—and purchase options.

Can the honourable minister please explain why, on September 25, in the Prime Minister's announcement of the new agreements, the language is always in terms of supplies “up to”, except for Pfizer, which actually talks about supplying a minimum dosage?

Out of these, how many of them are actually cash contracts in the agreements?

Hon. Anita Anand: Thank you so much for the shout-out, MP Green. I appreciate it. I've been at committee four times in my first year of being a member of Parliament. It's amazing.

I used to teach contract law, so it gives me great pleasure to be able to discuss this particular topic with you.

In particular, we should note that under our agreements with each supplier, we purchased a base number of doses. From Moderna, for example, we purchased 20-million doses. We also built flexibility into our contracts to enable us, once we have approval from Health Canada or we see that a vaccine is extremely successful with a particular demographic group, to go back to that company and say, “Look, we have options in this contract, and we want to exercise them now.” Then they would sell us additional doses of the vaccine.

That's what “up to” means. The “up to” means that we have the ability to exercise additional options if we choose to do so.

• (1910)

Mr. Matthew Green: How many have we actually purchased?

Hon. Anita Anand: We have purchased...and this was on the advice of the vaccine task force. What the vaccine task force did was provide advice to the Public Health Agency of Canada, who then—

Mr. Matthew Green: I'm sorry, but if you could, just how many do we have? I have lots of questions about the task force, but I'll save that for another day.

Hon. Anita Anand: I'm sorry. My sincere apologies.

The doses we have purchased vary between the different candidates. Generally speaking, for the majority of the contracts, we have purchased an initial 20 million doses. For Sanofi, Novavax and Janssen the number is either higher or lower. I can go into those details, if you prefer.

Mr. Matthew Green: When you talk about purchase options versus actuals, I'm sure that as somebody who taught contract law you'll recognize the need to really quickly move into these negotiations. Yet it has been reported that other countries—the United Kingdom, Australia, the United States and 27 other European countries—are actually ahead of us in line. What's the timeline? Notwithstanding the fact that we have these contracts recently announced, when we know that almost 30 other countries are ahead of us in line, what should we be expecting? Are we still expecting early 2021?

Hon. Anita Anand: I actually think it is somewhat inaccurate to talk about a “line”. There's no line of countries for vaccines. In fact, our agreements are on par with the European Union, Ireland, Japan, Australia, New Zealand and many other countries in terms of our anticipated delivery dates. But rather than focus on those delivery dates alone, I think we need to also focus on the date the approval comes from Health Canada. No vaccine will be distributed anywhere unless we have the approval of the independent regulator called Health Canada.

Mr. Matthew Green: Are you suggesting that the other countries didn't secure real contracts of real purchases and not just the options ahead of us, and that by purchasing ahead of us they wouldn't be in queue ahead of us?

Hon. Anita Anand: What I'm suggesting is that we negotiated very hard with seven suppliers for assurance that we would have access to a base number of doses, which I indicated was around 20 million for four suppliers—

Mr. Matthew Green: So you're saying here tonight that we're going to get that at the same time as the other countries.

That's the good news.

Hon. Anita Anand: I am saying that the delivery of vaccines into this country depends on Health Canada approval. Once Health Canada approval is obtained, for certain suppliers, we will see deliveries into Canada in the first quarter of 2021.

Mr. Matthew Green: Let's talk about those agreements. Brazil and other countries are disclosing almost complete agreements. You would appreciate also, in lecturing for contract law, that not disclosing the agreements actually favours the seller and not the buyer. Why doesn't Canada release the actual agreements like Brazil did?

Hon. Anita Anand: Well, good question; I'm not sure of the contract terms between these vaccine companies and the Government of Brazil, so—

Mr. Matthew Green: I can share it with you. It's public. I'm just wondering why our government hasn't made it public either.

Hon. Anita Anand: Let me continue, if I could.

The point I want to make is that there are differences between Brazil and Canada. For example, if you take AstraZeneca, there are clinical trials occurring in Brazil. Clinical trials are not occurring in Canada. Another point to mention is biomanufacturing capability. There is that capacity in Brazil. There isn't in Canada.

There are differences between these jurisdictions that in turn lead to different contracts between them.

Mr. Matthew Green: Would you not agree, though, that by keeping contracts secret, it favours the seller and not the buyer? It seems like a basic principle.

Hon. Anita Anand: What I agree with is that transparency is important. That's why this is my fourth appearance at committee.

Mr. Matthew Green: And we thank you for it.

Hon. Anita Anand: That's why we have disclosed \$6 billion of PPE contracts on our website. That's why we turned over 500 pages of documents or more to this committee. That's why we're complying with the motion that was passed in the House. That's why we are complying.

• (1915)

The Chair: Thank you, Minister.

That ends the first round. We will now enter the second round.

We will start with Mr. Paul-Hus for five minutes.

[*Translation*]

Mr. Pierre Paul-Hus: Thank you, Mr. Chair.

Madam Minister, I know you are new to politics. I don't know how long you have been with the Liberal Party, but you know that, for us, the Liberal Party often equals corruption. When I say “corruption”, I'm talking about the schemes used to give contracts to everyone.

Do you feel that Frank Baylis' contract was awarded behind your back? Everyone is fully aware that a scheme was put in place. They created the company FTI Professional Grade, which then gave the contract to Mr. Baylis. I want to know whether you feel that they got one over on you.

[*English*]

Hon. Anita Anand: I'm not sure how to translate “they got one over on you”, but I appreciate the translation.

[*Translation*]

The interpretation was very good and I understood the question.

[*English*]

I want to say a few things about this narrative. It is interesting that the opposition continues to push this narrative when the CEO of FTI, with whom the government has a contract, Rick Jamieson, is a well-known Conservative supporter and donor.

As Mr. Jamieson is so close to the Conservative Party, perhaps he can answer the questions about whom they chose to—

[*Translation*]

Mr. Pierre Paul-Hus: Thank you, Madam Minister. That's the answer you gave in question period. These are the talking points you were given.

As I said in the first round of questions, I have the document confirming that the Government of Canada did business with Mr. Baylis; a scheme was used. My question was simply whether or not—

Mr. Steven MacKinnon (Gatineau, Lib.): A point of order, Mr. Chair.

Honestly, it is shocking to hear such words coming out of the mouth of an hon. member. The word “corruption” is not a word used lightly. He is saying things with no evidence or with no one knowing what might motivate such statements. I am very disappointed with the member's behaviour and his statements. I urge him to reconsider what he said.

[English]

Hon. Anita Anand: Thank you, Steven.

The Chair: Thank you, Mr. MacKinnon. The clock was stopped. We will continue with Mr. Paul-Hus. I would ask that when posing questions, everybody appropriately respect everybody.

[Translation]

Mr. Pierre Paul-Hus: Thank you, Mr. Chair—

Mr. Steven MacKinnon: Mr. Chair, a point of order once again.

I think we have adopted a certain collegiality here. When someone makes statements with no evidence, dropping words like “corruption”, “scheme” of corruption, “Liberal Party equals corruption”, that is low. We cannot condone that, Mr. Chair. I am asking you to intervene with regard to those statements, which are not acceptable in the solemn work that we do in the committee, and which are made before a minister who comes to ask us to approve her estimates.

I would ask the hon. member not to repeat such statements. It is disgraceful and dishonourable for him to speak like that.

[English]

The Chair: Thank you, Mr. MacKinnon, for your comments. I will take that under advisement. I have asked everybody, and that includes you as well, to respect the words you use when you speak to the minister or any witness in this committee. I ask all members to respect that.

Mr. Paul-Hus, you have three and a half minutes.

[Translation]

Mr. Pierre Paul-Hus: Thank you, Mr. Chair.

In the interest of Canadians, regardless of how we ask the questions, we have to consider that we are talking about billions of dollars being spent and that this raises very important questions. We have a right to ask them and we are not going to let the Liberals answer whatever they want, however they want.

Now, Madam Minister, I would like to ask you another question.

When your Deputy Minister, Mr. Matthews, came before the committee on July 23, he said this: “When we were in sole source, we were looking at some key criteria: established supply chains, ability to deliver quickly at volume, and already in the business.”

The largest medical supply contract in Canadian history was given to Proline Advantage for medical gowns. I want to know whether or not this company is well established in the medical field.

• (1920)

[English]

Hon. Anita Anand: This company is a small business and ensured that their gowns were made available as soon as possible by renting the largest plane in the world until all of their gowns were delivered.

This company stepped up at the beginning of the crisis when this country had no gowns, gloves, masks and the like. We need to respect the ability of small and large businesses across this country to step up for Canadians.

[Translation]

Mr. Pierre Paul-Hus: Madam Minister, I understand what you are telling me, but my question was whether or not the company has expertise in the medical field. We are talking about \$371 million.

[English]

Hon. Anita Anand: A large number of Quebec businesses did step up for this endeavour. We heard from over 25,000 companies on our buy and sell website, but with respect to your specific question, I will ask my deputy minister to provide further details.

Mr. Bill Matthews: Thank you, Minister.

The company did have a history of importing medical goods into Canada. They had a valid licence at the time the contract was awarded, and had one for a number of years. As part of the procurement process, they did provide sample gowns that were inspected by the Public Health Agency of Canada and met requirements.

I should point out, Mr. Chair, that these were level 3 gowns, which are the highest certification of gown available. It's one of the toughest ones to get your hands on, especially back in March, so we were quite grateful that they were able to deliver on that contract.

The Chair: Thank you.

Mr. Paul-Hus, you have 35 seconds.

[Translation]

Mr. Pierre Paul-Hus: Thank you, Mr. Chair.

Ms. Anand, Nuctech is known to be heavily involved in corruption abroad. Is it right that the Government of Canada awarded a contract to that company?

[English]

Hon. Anita Anand: Again, I want to mention that no contracts have been issued through the offer for the supply of security screening equipment. No payments have been issued or agreed upon. No goods and no services have been provided.

We are continuing to work with GAC to meet its procurement needs and security requirements. That is the state of the nation on Nuctech.

The Chair: Thank you, Madam Minister.

We will now go to Mr. Jowhari for five minutes.

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

I'd like to welcome the minister and the department to our committee for the fourth time. Thank you for being readily accessible.

Minister, in your opening remarks you talked about a number of different programs and also mentioned that your department covers a lot of programs. You highlighted some of them, which was good to hear.

I'd specifically like to ask you about the PSPC's departmental sustainable development strategy 2022-23. PSPC was planning to power federal buildings with 100% clean electricity that would be available by 2022.

Minister, can you give us an update on where we are with finalizing the strategy, and how you're going to power the federal buildings with a 100% clean strategy?

Hon. Anita Anand: That is discussed in my mandate letter from the Prime Minister, and is a priority for me as minister to do my part to green government and reduce our carbon footprint. I discuss that with our department frequently.

We are developing a strategy to power federal buildings with 100% clean electricity where available by 2022. We're still in development of this plan, but we are already retrofitting buildings, converting our fleet of vehicles to electric and hybrid vehicles and charging stations and, as you mentioned, converting our electrical system to clean energy to reduce the government's GHG emissions.

In addition, I want to mention the energy savings acquisition program. Through this GHG emissions program, we've already cut by approximately 30% since 2005. We aim for a total reduction of 63% in the national capital region with completion of the energy services modernization in 2025.

It is a priority for us. We are working on it. It is complicated, complex and multipronged, but we are working very hard on this strategy.

• (1925)

Mr. Majid Jowhari: I'm sure it is.

Madam Minister, is there any timeline you'd be able to share with us on when you'll be publishing or sharing that strategy with us?

Hon. Anita Anand: We are certainly continuing to discuss this in our public disclosures like our annual report and, in addition, we are seeking capital funding, using capital funding, to renovate buildings to reduce heat loss and reduce greenhouse gas emissions.

Our funding requests regarding the main estimates will show that we are continuing to be committed to modernizing the greening of the government fleet and building more charging stations, so there will be disclosure in that regard as well.

Mr. Majid Jowhari: Great.

You brought up the main estimates. Is there anything specific to this program that's been highlighted or that you would like to high-

light in our main estimates? Is there any inclusion of funds for this program?

Hon. Anita Anand: You will see that the funds for this program find their voice in individual asks that we are placing in the main estimates and the supplementary estimates.

For example, we are looking at renovating the Centre Block at the current time. It is a large GHG emitter because of the age of the building and the design. In collaboration with the Board of Internal Economy and the Senate, we are working on designs that will substantially reduce its emissions.

Each of our undertakings, whether we're talking about the Supreme Court, the Senate or the Centre Block, has as an objective to reduce GHG emissions and to green government. That's a priority for this department.

Mr. Majid Jowhari: Is it fair to say that—

The Chair: Mr. Jowhari, you have 30 seconds for a question and an answer. I'm just giving you a heads-up.

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

Minister, is it fair to say that even if we have not finalized the strategy, the key building blocks of that strategy, whether it be for the fleet or the buildings, or the retrofits on some of the key government buildings, are already going on? You've already put requests in the main estimates for those.

Hon. Anita Anand: Exactly. It's going on, and it's going to continue to occur, because you cannot green government buildings overnight.

You may have noticed the renovations that are taking place at the Cliff power plant between the Supreme Court and Library and Archives Canada. This is another facility we're working on that will help us reduce our GHG emissions from electricity across the national capital region, but there will be additional buildings, right? We own 32,000 buildings across the country, so this is a long-term process.

The Chair: Thank you, Minister. I appreciate that.

Mr. Majid Jowhari: Thank you, Minister.

The Chair: Ms. Vignola, you have two and a half minutes.

[Translation]

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

Madam Minister, let me quickly come back to the subject of the Davie shipyard. One of the next contracts that will be awarded is for building the polar icebreaker.

Will Davie finally get this much-touted contract, yes or no?

[English]

Hon. Anita Anand: I want to thank the honourable member for her continued commitment to the shipyards and to these questions. Thank you so much.

As is the case with every competition, we cannot make guesses prior to the competition occurring regarding who the winner will be. Our role as PSPC is to be the guardians of process. That is, we need to ensure for the benefit of all shipyards, Davie included, that the process is run in a fair and equitable manner, meaning that it would be very imprudent for the minister to sit here and make predictions about who is going to win a particular contract.

[Translation]

Mrs. Julie Vignola: Thank you very much, Minister.

I would like to talk about the Future Fighter Capability Project.

First, could you tell me where this project is at?

Second, this summer there was a request for proposals for the design and construction of hangars at Bagotville and other air bases. How is it possible to design and build hangars when we don't yet know what aircraft could be stored there, or even how many aircraft?

So what stage is the project at and how can hangars be built if we don't know what the needs are?

• (1930)

[English]

Hon. Anita Anand: I'll say just quickly that the initial evaluation of proposals regarding the future fighters is anticipated to be completed by the spring of 2021. Canada will finalize the contract terms with the preferred bidder prior to contract award, anticipated in 2022, with the first aircraft delivery expected in 2025. I'll ask my deputy minister to add context regarding the hangars and anything else.

Thank you.

Mr. Bill Matthews: Thank you, Minister. I'll be very quick.

We do know how many planes will be coming, so that is a constant, regardless of which bid is successful in the competition.

You would have to begin the planning for that sort of thing as well, so some of the hangars that would be constructed are not plane specific. I think for more details on exact requirements for the hangars, you're probably better off to check with National Defence.

The Chair: Thank you.

Now we will go to Mr. Green for two and a half minutes.

Mr. Matthew Green: Thank you very much.

I was very heartened to hear about about explorations in the public production of the vaccines, or perhaps the end production and distribution of the vaccines.

Understanding our significant contribution to the foundation of scientific research, which led a lot of the developments of vaccines through the National Research Council and investments in Mount Royal, can the minister now commit to those vaccines being made

free and publicly available to everybody? I've only ever heard Liberals use the term "available", but I haven't heard them say "free".

Hon. Anita Anand: I appreciate the interest in vaccines.

I believe that our Prime Minister, in response to a question from your leader, Mr. Jagmeet Singh, who also asked this question in the House of Commons, responded that, yes, the federal government would be covering the cost of vaccines for Canadians. That's what we mean when we use the terms "equitable access to vaccines". We have to ensure that, if Canadians want this vaccine, they can have access to it.

Mr. Matthew Green: As it relates to our significant investments in the foundational work, the science that went into this, going back to the original SARS, we know that some countries are negotiating the right to share the intellectual property with the vaccine developers. Has Canada? If not, why not?

Hon. Anita Anand: It is a good question, and I really appreciate the importance of zoning in on intellectual property. You can imagine that suppliers of vaccines and any other bespoke product would be concerned about their intellectual property. As IP relates to vaccines, that is something we are focused on.

Again, we are not the supplier, so we don't own that IP. I'll ask the deputy minister if he could speak further on this topic.

Mr. Matthew Green: To redirect this, but I know that we'll have your staff with us in the second hour, and we only have limited time with you.

Notwithstanding the investments we made in the foundational science, has it been your prerogative in negotiations...? Again, I'm happy to send you the AstraZeneca contract that Brazil has. It's publicly available. They're negotiating IP. Given our foundational research on vaccines globally, has Canada also secured some of the IP on the vaccine development?

The Chair: Minister, please answer that question quickly.

Hon. Anita Anand: I will just say that IP is a very sensitive topic in the negotiations, and we are still in negotiations with some of these suppliers. It's not the case that we don't want the IP, but you can imagine that it is the golden ticket for some suppliers, and it's not easily won over.

The Chair: Thank you, Minister.

We will now go to Mr. McCauley for five minutes.

Mr. Kelly McCauley (Edmonton West, CPC): Thank you, Minister, and welcome back.

I want to get to the topic of PPE and forced labour. We asked you and your department in one of our previous meetings about how we can be sure that we're not buying PPE and other items made with forced labour.

The New York Times has reported that the number of companies in the Uighur territory making PPE has gone from five to 50. They have reported that PPE made with forced labour is being shipped to North America.

We asked your department, and the comment that came back was that you have a two-step process. One, the companies self-attest that they're not using forced labour. The second one is that you ask them to certify that their first-tier suppliers comply, and also that they haven't faced criminal charges in that country.

The Liberal government's recent appointment to the UN, Bob Rae, called China out on its treatment of Uighurs as genocidal. In light of that, are you comfortable with your department's answer regarding the word of a genocidal country that they're not using forced labour to make PPE to sell to Canada? Do you find that acceptable?

• (1935)

Hon. Anita Anand: I share the concern about forced labour. It's not the case at all that I don't think it's a serious case. I appreciated Bob Rae's comments, which I reviewed in detail.

Mr. Kelly McCauley: Minister, the question is do you find your government's—

Hon. Anita Anand: I want to also say that we are committed to ensuring high ethical standards.

Mr. Kelly McCauley: Minister, you stated you're only using the company's word that they're not using—

Hon. Anita Anand: When awarding contracts, PSPC does require suppliers to agree to terms and conditions prohibiting labour practices of the type you're mentioning. It conducts integrity checks on suppliers' backgrounds. We do take steps to scrutinize the supply chain regarding labour exploitation.

Mr. Kelly McCauley: Minister, what has changed in a couple of weeks when your government stated it wasn't checking such information?

Hon. Anita Anand: We believe that further protection against the use of forced labour in federal supply chains should be added, and we will continue to work in a very challenging environment.

Mr. Kelly McCauley: Minister, a monologue does not excuse your government from buying PPE without assuring—

Hon. Anita Anand: As you can imagine, it's difficult to know right down the chain of supply what is going to be the case in terms of the labour needs of the particular manufacturer. As an initial step, what we are doing is seeking information about available—

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

The Chair: Minister Anand, can I have order please?

Hon. Anita Anand: I'm sorry, I can't hear you.

The Chair: I'm going to ask that when a short question is asked, please respond in a similar fashion.

Mr. Matthew Green: Mr. Chair, you're still muted on both accounts. Both the floor and your personal mike are muted.

The Chair: Hold on for a minute, please.

Hon. Anita Anand: I'm sorry, Mr. Chair. There seem to be some technological difficulties. I was in the middle of my response and I saw you talking. I'm not sure what was happening. I will mute myself now if whatever you need to say is said.

The Chair: Minister, can you hear me? Okay.

Minister, we've stopped the clock here briefly. I appreciate you staying, so we can finish the questions up here.

I would ask that depending on the shortness of the question, you respond appropriately as you see fit, but at the same time recognize that we have a limited time. I would ask that the questions and the responses are in a timely manner. Thank you.

Mr. McCauley, you have the floor.

Mr. Kelly McCauley: I don't even know where to start, Minister. I don't blame you. Obviously your headphones were turned off. We couldn't communicate.

Your own government's appointee has called China's treatment of the Uighurs genocidal. Do believe your department's guidelines of self-attestation are good enough to ensure that we are not buying PPE made with forced labour?

Hon. Anita Anand: I think we all need to do more work to ensure that we are not supporting forced labour in China.

Mr. Kelly McCauley: On July 1, 2020.... The reason I'm bringing this up is that you say we need—

She can't hear us again.

Hon. Anita Anand: I'm sorry, but I can't hear the question, Mr. Chair.

The Chair: Thank you, Minister. We're just going to check on that.

Hon. Anita Anand: I can't hear you speaking, either.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Mr. Chair, it's the same for members online as well.

• (1940)

Mr. Majid Jowhari: I think they're both muted.

The Chair: Thank you. We're trying to check into this.

Mr. Matthew Green: That doesn't mean you take the chair, Francis, just to be clear.

A voice: Oh, oh!

The Chair: Okay, we're going to try again.

Minister, hopefully you can still hear us. Mr. McCauley has a minute and a half left.

Mr. McCauley, you have the floor.

Mr. Kelly McCauley: Only Scott Brison could avoid questions better than that.

Minister, on July 1, 2020, amendments were made to the Canada customs tariff and the schedule to the customs tariff that forced government and suppliers into Canada to take steps to map out the supply chain and then conduct risk-based due diligence of the supply chain to assess whether forced labour is present.

Why is PSPC not following the guidelines from the customs tariff?

Hon. Anita Anand: I'm going to hand this question to my deputy minister.

Mr. Kelly McCauley: No, Minister, I want to hear from you, because we've asked this question before about forced labour. We'd like to hear from the minister.

Mr. Francis Drouin: Mr. Chair, I have a point of order.

Hon. Anita Anand: The deputy minister is best suited for this question.

Thank you, Mr. Chair.

Mr. Kelly McCauley: Minister, I'm going to refer you to—

Mr. Bill Matthews: Thanks, Minister.

I think the minister has already said that we need to do more, and I'm happy to share in the second hour some of the ideas we're pursuing with suppliers to talk about what improvements could be made to the current system.

Mr. Kelly McCauley: However, why is PSPC not following our own laws? Under the changes made July 1, 2020, it states that you have to map out the supply chain, yet our government is not.

I will go back to Mr. Drouin's trying to call a point of order. In the contracting policy from TBS, it states in subsection 8.2.1: "Role of the ministers. The minister is ultimately responsible to Parliament for all contracting activity."

Mr. Matthews, no offence, but I want to hear from the minister. It is her responsibility under the contracting policy, subsection 8.2.1. We asked this question months ago. She's had plenty of time to come up with an answer. The Government of Canada's rep to the UN has stated that the Chinese are committing genocide against the Uighurs, yet our own government will not follow our own laws on PPE. The USMCA actually has a rule—I think it's article 5.1—about not allowing purchase of forced labour, yet our government will not follow our own laws.

The Chair: Mr. McCauley, if you can get to the question—

Mr. Kelly McCauley: I'd like to hear from the minister.

Hon. Anita Anand: Mr. Chair, how much time do I have to respond to that lengthy question?

The Chair: You have 30 seconds.

Hon. Anita Anand: Thank you.

Let me just begin by saying that our government is making an extraordinary effort to acquire PPE during a global pandemic, when Canadians and front-line health care workers needed PPE to survive. The one billion items—

Mr. Kelly McCauley: Minister, that does not justify the purchase of forced-labour PPE.

The Chair: Mr. McCauley, let the minister answer the question, please.

Mr. Francis Drouin: Mr. Chair, on a point of order, I can't hear anything, because Mr. McCauley keeps talking over the witness.

The Chair: I've asked Mr. McCauley to let the minister answer the question quickly, if we can.

You have 15 seconds, please.

Hon. Anita Anand: In addition, I have mentioned that when engaging suppliers, our department does seek to understand the supply chain to ensure that forced labour is not present. We all agree that more needs to be done. Our department is working very hard to ensure that forced labour is not part of the supply chain, and we are seeking information from our suppliers regarding any forced or child labour in the supply chains. This is important to us as well, and we will work to make sure that our contracting process occurs with integrity.

Thank you.

• (1945)

The Chair: Mr. Kuzmierczyk, you have five minutes.

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

Minister, thank you for once again joining us at committee. It's wonderful to see you, and thank you very much for your thoughtful responses to the other questions put forward.

The departmental plan sets forth a goal of having at least 5% of federal contracts awarded to businesses managed by indigenous peoples. What has the government done to promote procurement from indigenous-led businesses, and how are we doing?

Hon. Anita Anand: I want to begin by saying that our government is committed to the Truth and Reconciliation Commission. It is committed to a renewed relationship with indigenous peoples, and I feel honoured that as the minister of PSPC I can play a role in establishing a relationship with indigenous suppliers.

We are developing initiatives to increase opportunities for indigenous businesses to succeed and grow. For example, through the pandemic, we awarded 26 contracts, worth over \$73 million, to 21 companies. Those are indigenous-run businesses.

We've also run competitions specifically for indigenous businesses because we realize that it's very important for indigenous businesses to have access to federal contracting opportunities.

I am committed to increasing opportunities for indigenous businesses. I have, on my own team, hired a person who is responsible for indigenous policy and procurement. It is a priority for me, and I will continue to work on it.

I would also like to say, though, that it's not just indigenous businesses that I am concerned about. I am concerned about black-owned and managed businesses. I have reached out and held round tables with members of the black business community so that we can ensure that members of diverse communities across this country have access to procurement opportunities from the federal government.

I would also like to mention—and specifically because I know that MP Green has concerns about disaggregated data—that I, too, have those concerns. We have put in place an e-procurement system to enable us to glean data relating to indigenous and diverse suppliers. Data that we haven't heretofore been able to collect will now be able to be collected through the e-procurement system that we are piloting and that we hope to be using across government in terms of federal contracts.

Thank you for the question. It's been very important to me, and it will continue to be important to me as minister and as a visible minority minister at that.

Mr. Irek Kusmierczyk: That's terrific, Minister. Thank you very much for that.

The number you quoted—I think it was \$75 million in contracts—are those contracts for procurement just during the COVID-19 period?

Hon. Anita Anand: Yes, they are.

Mr. Irek Kusmierczyk: Are you able to provide us with just a sense of what types of services were procured during this time?

Hon. Anita Anand: Sure. Some of these businesses operate in the transportation area, so they have been useful in transporting items to northern and isolated communities. Some of these businesses are in the mask-making business, so we've been able to benefit from their expertise in that area. Some of the businesses are intermediaries or suppliers that connect with the manufacturer at source.

That gives you a flavour. If you would like more details, we can make sure to get those to you.

Mr. Irek Kusmierczyk: No, that's terrific.

Minister, in your opinion what are the next steps in what your department is doing right now to increase the number of indigenous businesses that are awarded contracts?

Hon. Anita Anand: As I said, this is an ongoing process. We have made some progress this year, but we have more work to do.

I have engaged our office of small and medium enterprises to be in direct contact with indigenous businesses to assist them and other diverse businesses in understanding the federal contracting process and to answer any questions they may have.

Sometimes people think about federal government procurement as involving only large businesses and large shipyards. In reality, there are a number of small businesses that could access federal contracts, and we want to make sure that the accessibility factor is present for them. We utilize our office of small and medium enterprises for that process.

• (1950)

The Chair: Thank you, Minister.

Thank you, Mr. Kusmierczyk, for actually getting your questions and the answers done in the exact time of five minutes. I appreciate that.

Minister, thank you very much for attending today and answering the questions. I have tried to focus on the length of the question such that the answer would be similar in length, and I appreciate your attempts to do that.

I am going to take the chairman's prerogative very quickly, though, with a very quick question to you.

Has the NESS been fully restocked at this point in time?

Hon. Anita Anand: That's a very interesting question.

I will say that the NESS is very important to this country. We need to make sure, especially in the pandemic, that we have PPE available. This eighty-twenty split that the Minister of Health has negotiated with the provinces ensures that 20% of all PPE procurements are retained in the national emergency stockpile.

In addition to the stockpile, we did create the essential services contingency reserve, so if it ever is the case that the NESS isn't fully stocked, we have a backstop of PPE available.

In terms of the actual availability of PPE in the NESS itself on this particular day, I apologize that I don't know the answer to that question, but I would be happy to follow up with my colleague Minister Hajdu and get back to this committee.

The Chair: Thank you, Minister.

I was looking for a yes-or-no answer, but that's okay.

I appreciate your spending time with us today. Thank you very much. I understand you have to go.

We do have the department personnel here, so we aren't going to have to suspend. We will just take a two-to-five-second break, and then we will reconvene.

Thank you very much, Minister.

Hon. Anita Anand: Excuse me, Mr. Chair.

I would like to make one final remark. I would like to thank all members of the committee for their thoughtful questions, which I really appreciated answering this evening.

I would also like to thank the translators for the fantastic job they do each and every day. They are run out of our department, and I'm very grateful to them.

Thank you so much.

[*Translation*]

Goodbye.

[*English*]

The Chair: Thank you.

We will now convene into the second round. We will start with Mr. Paul-Hus.

You have six minutes starting now.

[*Translation*]

Mr. Pierre Paul-Hus: Thank you, Mr. Chair.

My question is for Mr. Matthews, and it is related to what the minister said.

The minister seemed to answer that there was no contract with Nuotech. That is not what we see on the government website.

Can you confirm the information?

[*English*]

Mr. Bill Matthews: What was issued initially was a standing offer, which means departments could, in fact, in theory order goods against a standing offer, but because of the concerns that were raised, we put a hold on that, so there are no actual contracts in place right now. There is nothing being ordered by departments against that standing offer arrangement. That has been held and effectively stopped.

[*Translation*]

Mr. Pierre Paul-Hus: That's interesting. Thank you for the answer.

I will now turn to Ms. Reza.

I want to talk about contracting. I would like to know who at Public Services and Procurement Canada is the final signatory of negotiated contracts for vaccines.

Who signed the final contract with Proline Advantage for gowns and the contract with Baylis Medical for ventilators?

[*English*]

Ms. Arianne Reza (Assistant Deputy Minister, Procurement, Department of Public Works and Government Services): In answer to those questions, Mr. Chair, as it relates to the vaccine, the vaccine contracts are usually for the minister's signature. The delegation of authority as to which official signs depends on the value of the contract.

[*Translation*]

Mr. Pierre Paul-Hus: There is the minister's signature, but there are also the signatures of senior departmental officials for the contracts. I would like to know who signed the contract for the vaccines, the contract for the gowns with Proline Advantage and the contract for the ventilators with Baylis Medical.

If you don't have the information, you can forward it to the committee.

• (1955)

[*English*]

Mr. Bill Matthews: Mr. Chair, I could take this, and if I need help from my colleagues, I'm happy to redirect it.

In answer to the question, the contract with Proline would have been signed by someone at a director general level. I'm going from memory on the second one. I believe the ventilator contracts with FTI and the other Canadian manufacturers were signed by the minister, but we will confirm that during this hearing. If I have that wrong, we will correct the record if that's acceptable.

[*Translation*]

Mr. Pierre Paul-Hus: Thank you.

Ms. Reza, on the subject of procurement from Proline, how can you explain that a small, obscure company like Proline, which had no medical expertise, except for importing products for physical training, was able to get the contract for the medical gowns?

[*English*]

Ms. Arianne Reza: As it relates to Proline, that company came to us through Buyandsell. We put up a web page asking for assistance from Canadian companies to help us source critical PPE in the middle of the pandemic. Proline came to our attention in this manner, and it held the medical device establishment licence. Its product was reviewed by the Public Health Agency. Of note at this time, China was just reopening. It was very hard to get disposable gowns because they were in short supply globally. The fabric that in a medical gown is the same that is used in a N95 mask. Proline was able to procure and source the technical gown for level 3, which is a very high level of disposable gown that is used by health care providers in very life and death situations, and Proline was able to provide those gowns.

[*Translation*]

Mr. Pierre Paul-Hus: Thank you, Ms. Reza.

My next question is for Mr. Fillion.

With respect to Davie and the shipbuilding strategy, the minister said earlier that we will have the answer, positive or negative, within a few months.

Can you be more specific, please?

Mr. André Fillion (Assistant Deputy Minister, Defence and Marine Procurement, Acquisitions Program, Department of Public Works and Government Services): I assume you're talking about the selection process for the third shipyard. The process is under way. We shared with Davie shipyard [*technical difficulties*] this summer. We expect to have a response by the end of the year, which will start the process of financial audits and negotiations. The goal is to have a framework agreement that will make it possible to award contracts, particularly for the construction of icebreakers for the Coast Guard program.

The process is under way and the next step is to submit the Davie shipyard proposal in the coming months.

Mr. Pierre Paul-Hus: I want to get this straight, because the sound cut out a little when you answered my question.

You said you asked for financial information, but were waiting for the response from Davie.

You haven't received the information yet?

Mr. André Fillion: We sent Davie a request for proposal.

Mr. Pierre Paul-Hus: For the icebreaker.

Mr. André Fillion: I'm talking about the selection process for the third shipyard to qualify Davie for the construction of large vessels over 1,000 tons.

We issued them a request for proposal this summer and are expecting their proposal in the coming months. This proposal will allow us to begin the financial audit and negotiation process. The ultimate goal is the signing of a framework agreement that will officially qualify Davie as Canada's third largest shipyard for the construction of large vessels.

Mr. Pierre Paul-Hus: Right.

[*English*]

The Chair: Thank you, Mr. Paul-Hus.

Mr. Drouin, you have six minutes.

[*Translation*]

Mr. Francis Drouin: Thank you very much, Mr. Chair.

I'll speak slowly so that the interpretation can be done properly.

I understand my colleague Mr. Paul-Hus has reservations about the Proline Advantage contract.

I want to congratulate a company in my area, Tulmar Safety Systems. They had no experience in the production of medical gowns, but they have nevertheless entered into a contract with Public Services and Procurement Canada and the Hawkesbury General Hospital. I know that the doctors and nurses are very satisfied with these gowns, even though this company had never produced them before. Several small- and medium-sized companies have taken on the task of producing equipment for Canadians that wasn't available a few months ago.

My question is for Mr. Matthews.

I often ask questions about Phoenix. How are things going there?

I have had the pleasure of representing a number of public servants in the region. I think things are going well now because I don't get as many calls to my office about Phoenix anymore.

Could you please give us an update on Phoenix?

• (2000)

[*English*]

Mr. Bill Matthews: Phoenix continues to progress, and the queue is going down. The last numbers we have—and my colleague Stephanie will correct me if I'm out of date—are that we have about 110,000 transactions with a financial impact above the normal workload. There will always be a group of transactions waiting to be processed, as the federal government is a big employer. The total number of actual transactions waiting is about 281,000.

I'll just pause and ask Stephanie if I have that correct, or if she wants to add anything.

Ms. Stephanie Kirkland (Assistant Deputy Minister, Pay Administration Branch, Department of Public Works and Government Services): Bill, you have it exactly right.

I would also add, if I may, that we're seeing tremendous progress in some of our service standards as well. We're at 74% in meeting our service standards overall, an improvement of over 57%. In our high-priority files in disability and parental, we're over 99%. Those are key metrics for us as well.

Mr. Francis Drouin: Thank you.

I know that pay pods were often used to sort of cut the timeline within departments.

From hearing the numbers, this has been an effective strategy.

Mr. Bill Matthews: Yes, Mr. Chair, pay pods have been very effective, and we continue to add new approaches to further reduce the backlog.

The latest thing that the department has done is to add some additional functionality to help with retroactive payments. For those of you who have been around the table for a while, retroactive payments are something that Phoenix initially had a very hard time dealing with. It required a lot of manual intervention. We have increasingly been able to make greater use of IT to process retroactive payments. We very recently put in an upgrade to that retroactive pay functionality to further enhance our ability to deal with that. That's a key part of the ongoing strategy to eliminate the backlog.

Mr. Francis Drouin: Great. Thank you all.

Thank you, Mr. Chair.

The Chair: Are you finished? You still have two more minutes.

Mr. Francis Drouin: Mr. Chair, I'm having issues. I can't hear. I'm getting a slow Internet connection.

The Chair: Mr. Drouin, we'll go to the next speaker, and if we have time, I'll give you two minutes at the end—if your connection gets better.

Ms. Vignola, you have six minutes.

[*Translation*]

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

On page 58 of the Departmental Plan 2020-21, the main source of PSPC's revenue is the federal accommodation and infrastructure program.

I don't know who I should be addressing. So seize the opportunity.

What do these revenues currently represent in the budget? That's my first question.

Is this an increase or a decrease in revenue over last year?

What would explain this increase or decrease?

[*English*]

Mr. Bill Matthews: Thank you, Mr. Chair.

I will start and then I will turn to Chief Financial Officer Wojciech to add some additional detail.

PSPC has a very broad range of funding sources, funds voted by Parliament, as well as funds and cost recoveries that we get from other departments. I believe historically the percentage of funds we have that are cost recovered or generated by fees is about 40% of our total spend.

I'll turn to Wojciech to further elaborate.

● (2005)

Mr. Wojciech Zielonka (Assistant Deputy Minister and Chief Financial Officer, Finance and Administration Branch, Department of Public Works and Government Services): Thank you, Deputy.

I think that's approximately right in terms of the historical trend, and we can confirm that exact number. Most of the revenues that we derive are essentially from other departments. It is for the services that we provide, including things like accommodations, procurement, translation, and other similar services.

[*Translation*]

Mrs. Julie Vignola: I was talking about the federal accommodation and infrastructure program as a source of revenue.

[*English*]

Mr. Bill Matthews: Could I ask you, Mr. Chair, to show the document that the member is referring to? I want to make sure she is referring to the right department before we take this further.

The Chair: There's no way to show that.

Madame Vignola, can you—?

[*Translation*]

Mrs. Julie Vignola: It's from the Library of Parliament briefing notes, Mr. Matthews.

I'm trying to find the exact page.

[*English*]

Mr. Bill Matthews: Mr. Chair, maybe in the interest of time, I can suggest that the clerk follow up with us with the question, and perhaps we could provide a detailed answer after the meeting in writing, if that works.

[*Translation*]

Mrs. Julie Vignola: Thank you.

I'll continue with another question.

In the Main Estimates 2020-21, PSPC is requesting a little over \$1.5 billion under vote 5. Most of the main estimates requested are under "Property and Infrastructure".

What accounts for the 55% increase in this expenditure over the Main Estimates 2019-20?

What exactly are the property and infrastructure in question here?

[*English*]

Mr. Bill Matthews: The vote 5 funds for PSPC are a critical part of our funding because they're not just for office buildings. Vote 5 is capital money, so it relates to all of the infrastructure. People tend to think of office buildings and it's certainly—

[*Translation*]

Mrs. Julie Vignola: Excuse me.

I don't have interpretation anymore.

[*English*]

The Chair: Do you have it back now, Ms. Vignola?

[*Translation*]

Mrs. Julie Vignola: Yes, thank you.

Mr. Bill Matthews: We can try again.

Is it working?

Mrs. Julie Vignola: Yes, Mr. Matthews. I apologize.

[*English*]

Mr. Bill Matthews: Vote 5 is capital funding for PSPC. Obviously we maintain the office buildings for the Government of Canada, but there is also infrastructure—bridges, dams and things of that nature, and even Parliament Hill—so you have a lot of money in the capital vote. It is the biggest part of our budget.

When you compare this year's main estimates to last year's, it's not exactly a fair comparison because the year before was a bit of a special year in that they added a special budget implementation vote, so that skews the comparison a little bit.

In fact—and Wojo, please jump in—we're pretty much in line with last year in terms of vote 5 with some adjustments, because we are increasing activity on the West Memorial Building to get ready for the Supreme Court to move in there as its temporary home. We have reduced some funding on the parliamentary precinct because we've completed some major projects there.

Those are the two real highlights I'd stress.

Wojo, is there anything further you want to add?

Mr. Wojciech Zielonka: I would maybe just add that if you look at it as an apples-to-apples comparison, in 2019-20 it was about \$1.278 billion, and in 2020-21 it's \$1.587 billion. There is an increase and that increase is primarily in the predictable capital funding line. That is to cover a number of ongoing initiatives that we have on the capital front.

[Translation]

Mrs. Julie Vignola: Okay.

I'll continue with the impact of COVID-19 on various capital asset issues, including building requirements versus telework plans. Will we keep the same number of buildings, given that more people are teleworking?

If so, how will these buildings be occupied?

Lastly, do the costs associated with COVID-19 include modifications to the ventilation and air filtration systems in government buildings?

• (2010)

[English]

Mr. Bill Matthews: Thank you for that question. There's a lot in there.

What I would say is that the trend for more—

Mrs. Julie Vignola: There are only two questions.

[Translation]

Mr. Bill Matthews: Yes, but these are two rather important and complex issues.

[English]

The move to telework, I think, accelerates our plans. We had been moving to work zones in which unassigned seating was more of the norm, to recognize that people weren't always in the office. I think the COVID experience has convinced us that we're on the right track, but we certainly need to make some adjustments to how we arrange office space in the future to allow for more telework.

On your second question, around ventilation, I would say that for our buildings, we will follow the guidance of public health and safety. If the health advice requires us to change ventilation, we will, but as far as I know, at the moment we comply with all health and safety regulations.

The Chair: Thank you very much for that, Ms. Vignola. Your time is up.

Mr. Green, you have six minutes.

Mr. Matthew Green: Thank you very much, Mr. Chair.

I'm very keenly interested. We've heard now, through the minister's touting significant purchases and options for purchase, and I'm wondering about her comments on the equity policy for being able to procure vaccines.

I'm wondering what the staff's thoughts are on the fact that 80% of the vaccine doses have been bought by European and North American countries representing only 14% of the global population. Could they comment on exactly what our plan is for the surplus vaccines that we have options for, and purchasing of, as it relates to the global COVAX Facility?

Mr. Bill Matthews: I have a couple of thoughts here, Mr. Chair.

I'm hearing a real echo. Is everyone else getting an echo from me as well? I'm not sure if they can do something technically with that. I'm sorry, but it's driving me crazy.

I think it's better now.

On the vaccine front, I love the member's optimism, but we have to remember that no vaccines have yet been approved for use in European or North American countries. The whole purpose around this diversified portfolio of vaccines was based on an assumption that not all of them would get across the finish line, and that is indeed the experience with vaccines historically.

We got some great news recently from both Pfizer and Moderna, which have things looking very optimistic but they not yet been approved for use.

Canada is a partner in the COVAX Facility, and there are options there to support others. If there are in fact excess doses for Canada, if all seven suppliers were able to get across the line, Canada would have options in terms of what to do with those additional quantities.

Mr. Matthew Green: Do we have a plan? That was the question. It's a very simple question.

Mr. Bill Matthews: I think it's too early for the plan, because until you have a vaccine that's approved for use and you have a sense of when it will be delivered, you don't know actually what you have. There's data still to be learned about all the vaccine candidates, about how effective they are, do they work—

Mr. Matthew Green: Mr. Matthews, we already heard earlier tonight that we're expecting this in the first quarter of 2021. That's around the corner. Certainly, you can't have a minister suggesting that there's an ambitious timeline and then you suggesting that we don't have a timeline in place.

Given how close we are, I'm just wondering, with your relationship and your agreement with the COVAX Facility, how we will ensure globally that the global south and non-European and North American countries will have access to the vaccine, when they seem to snapping up all the purchase options?

Mr. Bill Matthews: Mr. Chair, it's an important question. I think it's better addressed to Global Affairs Canada, frankly, in terms of the nature of the question, but I do want to clarify one thing. Q1 is initial doses. We're not going to have a hundred million doses showing up in Q1. We have some time on this one, but I think the nature of the question is better directed to Global Affairs.

Mr. Matthew Green: You've touted as well in your developmental plan that you'll "work towards increasing the participation of Indigenous Peoples in federal procurement". You'll recall...and hopefully you're well on your way with the work as it relates to my actual motion that asks for the information on your federal contractors program.

Do you care to comment, in advance of getting those documents, on where you are in terms of the federal contractors program as it relates to the equity programs that they're supposed to sign off on?

• (2015)

Mr. Bill Matthews: Yes. We're making good progress. The minister already has said that it is very important to her.

I think I will flip to James for some additional detail here, and I will try to fix this echo that I have.

Mr. James Stott (Assistant Deputy Minister, Policy, Planning and Communications Branch, Department of Public Works and Government Services): I'm sorry, Deputy. I'm having a really hard time hearing you.

Mr. Matthew Green: Mr. Chair, maybe it's because your mike is still open. It may be that the sound is being pumped into the room and then pumped through your mike.

The Chair: My mike is not on.

Mr. Matthew Green: On Zoom, it is on—the floor is—and for whoever is controlling West Block-035B, that would be where the loop might be coming back from.

May we try now with staff and may I please reclaim my time?

The Chair: Could you hold for a second, Mr. Green? We will keep your time.

Mr. Green, do you want to try again? We'll see if the echo has stopped.

Mr. Matthew Green: I sure can. It sounds like it might be better now. I think it was mostly through the witness' side, though, but we'll see if the witness can speak.

Mr. Bill Matthews: Mr. Green, is it okay if you repeat your question? I think James was having a hard time hearing it as well.

Mr. Matthew Green: I am happy to.

We heard the minister tout investments in indigenous procurement. You'll know that I had a motion dated October 30 that I had started way back in May that specifically zeroed in on the federal contractors program. I was a little bit unsettled when I heard that she might not have access to disaggregated race-based data, yet it's one of your policies to ensure that signed agreements to implement employment equity are part of your federal contractors program. Can you just clarify that that is indeed the case?

Mr. James Stott: I'm not sure which program you're referring to specifically, but I can comment on the collection of data. It's something that we do currently for indigenous businesses. What we're working on right now is a policy framework that would allow us to collect that information for other under-represented groups. So we would not only have the authority to have that information but also to ensure that we are protecting that information appropriately given that it's private—

Mr. Matthew Green: Mr. Stott, just for the record, could I have the title of your position within government?

Mr. James Stott: Sure. It's assistant deputy minister, policy, planning and communications.

Mr. Matthew Green: I'm a little bit challenged by that because the federal contractors program ensures that contractors who do business with the Government of Canada seek to achieve and maintain a workforce that is representative of the Canadian workforce, including members of the four designated groups. This is a long-standing policy, and I'm a little bit.... If it's not you and your expertise; maybe there's somebody else who can adequately answer this question, because if the minister is suggesting that they're not keeping disaggregated race-based data, then that's telling me already in advance of receiving the documents for my motion that you'll be unable to answer about your own policies, under the Employment Equity Act, in the federal contractors program specifically.

Mr. Bill Matthews: I think there are two pieces here. One is the data James is referring to around the ownership and leadership of under-represented groups. I think Mr. Green's question relates to data related to employment equity within the companies themselves, if I can say that. I think maybe we'll have to take that one back. I think you're running out of time, Mr. Green, so I think—

Mr. Matthew Green: Respectfully, let's be very clear, Mr. Matthews, the chair will decide when I'm running out of time.

I still haven't gotten an answer here. This is something that I asked you back in May, and it was supposed to come back, and we had filibusters on this to not get this information, so I'll just put it to you very clearly: Do you follow your own procurement policy under the federal contractors program? Yes or no?

Mr. Bill Matthews: Again, I think we'll have to get back to you on that, because I think you're referring to an ESDC program, and I just want to make sure that we're clear on the program you're referring to.

● (2020)

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

We're now into the second round with Mr. McCauley. When looking at the clock, I think we will go to four minutes, four minutes, two and a half, two and a half, four minutes, four minutes.

Mr. Kelly McCauley: Great. I will keep it fast.

Mr. Matthews, welcome back.

You mentioned the audio feedback driving you crazy. Well, being crazy would help you fit right in with OGGO.

I want to get to the contaminated masks that we bought. You had mentioned before that the supplier was going to make good on it. An answer to an Order Paper question just came back today where the government stated it would not tell us if they've been refunded, in order to support their negotiating position. What is going on with those contaminated masks? Are we getting our money back, and are we still buying from that supplier?

Mr. Bill Matthews: Mr. Chair, I'll be very brief.

Mr. Kelly McCauley: Yes.

Mr. Bill Matthews: They're not contaminated. They did not meet the standard for N95 masks. The supplier made some attempts to rectify that with replacement masks. We are still not happy with that standard, so discussions are ongoing about the next steps, because we are in a world where—

Mr. Kelly McCauley: Are we still buying from that supplier?

Mr. Bill Matthews: Absolutely not.

Mr. Kelly McCauley: Okay.

Are we still using Deloitte in China to facilitate PPE purchases?

Mr. Bill Matthews: I believe we still have a contract with them. I believe the contract is still valid. We're not doing much new activity with them, but it's still a valid contract, I believe.

Mr. Kelly McCauley: I want to ask you something else. When we last had you here we were asking about the forced labour. One of the things that you said disqualified someone from being eligible to sell to us is if they are found to have pleaded guilty to charges that are on the list. Deloitte China, which is Deloitte China Tohmatsu, had charges laid against them by the SEC for refusing to provide documents regarding fraud. They've been fined in the last two decades almost a third of a billion dollars for government contracting offences and accounting fraud. Would that disqualify them on

the basis of what you stated a couple months ago from being eligible to receive government contracts?

Mr. Bill Matthews: Mr. Chair, that wouldn't apply to Deloitte Canada, which is who the contract is with. Those charges, I—

Mr. Kelly McCauley: My understanding is that Deloitte Canada operates in a simplified version, much like a franchise, but Deloitte China.... I don't think Deloitte Canada sent their partners over to China, did they?

They would contract Deloitte China Tohmatsu, so we in fact hired someone....

Mr. Bill Matthews: The contract the Canadian government would have is with Deloitte Canada. I will have to get back to you on your specific question, though, on those charges.

Mr. Kelly McCauley: I have a couple of quick questions. In section 3.22.15 of the supply manual—I'm not expecting you to know the number—it states that a team should be created for emergency contracting requirements. I assume all of the PPE purchases are emergency contracting requirements. Have you done this, and what's the team's official title? How many people are on that emergency team?

Mr. Bill Matthews: Basically it's the whole procurement department. Effectively, we took the entire shop under Arianne Reza and had them dedicated to PPE purchases and then vaccine negotiations, etc.

Mr. Kelly McCauley: So we didn't create an emergency.... Okay.

The next part of that says that decisions and deviations to the process must be documented.

I'm wondering what the most common deviation is that you're seeing occur right now with these emergency purchases. Are you identifying possible inefficiencies to correct the procurement system as we go forward?

Mr. Bill Matthews: The most obvious deviation, especially early on, would be the sole-sourced nature of many of the contracts—

Mr. Kelly McCauley: Sorry, just quickly, the supply manual says that they have to be documented. Have you documented those, and can you make them available to the committee?

Mr. Bill Matthews: The justification for every contract is documented, absolutely. We have the usual question, Mr. Chair, about what we would be allowed to share in terms of confidentiality, etc., but in theory....

We'd have to take that one back.

The Chair: Thank you, Mr. McCauley.

Mr. Kelly McCauley: Thanks, Mr. Matthews.

The Chair: Mr. Kusmierczyk, you have four minutes.

Mr. Irek Kusmierczyk: Thank you very much, Mr. Chair.

Thank you very much, Mr. Matthews, for your appearance today and your responses to a number of interesting questions.

COVID-19 has shone a spotlight on the importance of Canadian ingenuity and engineering when it comes to the production and procurement of PPE, medical equipment and whatnot. At the same time, it's also shone a spotlight on the importance of basic research.

I know that in the departmental plan, you state that, "In partnership with federal science-based departments and agencies, PSPC will advance the government's commitment to strengthen federal science by creating world-class collaborative science facilities." I know the minister alluded to that in her opening remarks today.

Can we get a sense of the types of science facilities we are talking about and perhaps get some information on the timelines and where we are in that particular process?

• (2025)

Mr. Bill Matthews: Certainly. The change in direction as a result of the laboratories Canada initiative is around creating hubs of laboratories as opposed to having individual departments do their own thing. There are a number of hubs that have been created. The PSPC part of that story would be around contracting for and helping build the infrastructure required for the labs and really getting some economies of scale in how they're stood up.

Initial site selection has been done. The money you're seeing in the main estimates will continue with the planning. There are also some projects under way—I'm going from memory here—in Mississauga, Hamilton and, I believe, Moncton. They are first out of the gates, but there are more hubs to follow after we have initial site selection done.

It is a new, more collaborative approach among related departments in terms of how they approach the science piece.

Mr. Irek Kusmierczyk: Are those new locations for these facilities or are they simply where existing facilities and existing workforce and researchers are already located?

Mr. Bill Matthews: It's a bit of both. In some cases there will be new facilities, and some cases will improve or expand existing facilities, so there's a mix.

Obviously, if we can make use of an existing facility, that's a more economical way to go. In some cases, the facilities are so far run down or unfit for the purpose that a new facility makes more sense.

Mr. Irek Kusmierczyk: Okay, gotcha.

My colleague raised some questions earlier about the government's greening policies.

How are we integrating sustainable plastic and alternatives as part of our greening policies? Can you speak a bit about that and our goal of diverting 75% of our plastic waste from federal operations?

Mr. Bill Matthews: Certainly, and it's one of those things that COVID threw a curveball towards because a lot of our plastics usage was in things like food courts in our buildings that we own or lease.

We were working with the vendors, proactively with like-minded people, to work towards not using single-use plastics and more environmentally friendly products instead. We had some "experiments", I would say, under way, a signal to most of our vendors that this was the way we were headed.

We were making some good progress, but given that most of our food courts are fairly empty these days.... That would be the main initiative there.

Mr. Irek Kusmierczyk: Okay, gotcha.

I know that PSPC also undertakes a number of waste audits of its facilities. Is that information available publicly and online in facility-by-facility waste audits? I'm just curious.

Mr. Bill Matthews: I don't know if it is available publicly or not, but I can find out, and we can get back to you on that.

The Chair: Thank you, Mr. Matthews and Mr. Kusmierczyk.

Mr. Irek Kusmierczyk: Thank you.

The Chair: We will now go to Ms. Vignola for two and a half minutes.

[*Translation*]

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

In the current budget, how much money is budgeted for planning and ensuring vaccine distribution?

[*English*]

Mr. Bill Matthews: The current medical funding would come from the Public Health Agency of Canada, and the expenses there would eventually be in their budget.

In addition to the vaccine contracts themselves, PSPC has a process under way around distribution to contract with a third party logistics provider specifically on vaccines. We will be having some results from that fairly soon, but the funding for those contracts will be out of the Public Health Agency of Canada.

• (2030)

[*Translation*]

Mrs. Julie Vignola: So there are contracts under negotiation, but we don't know what budget will be used. I'd have to ask the department that will award the contract how much can be invested in the process.

Do I have that right?

[*English*]

Mr. Bill Matthews: The competitive process is under way, so we're not at the negotiation stage yet. Again, the role of Public Services and Procurement Canada in this regard is to help manage that process and negotiate the contract, but the actual funding for that contract will come out of the Public Health Agency of Canada's budget.

[*Translation*]

Mrs. Julie Vignola: Okay.

It has been reported that 400 million vaccine doses have been reserved for 38 million people. I understood earlier that there is the whole issue of vaccine preference based on this or that criterion.

Has a deposit been given to reserve these vaccines? If yes, what is the amount?

We're talking about 400 million doses, which is still more than 10 times the population of Canada. If we get the 400 million doses that we've reserved but don't need them, what will we do with them? Do we respect the idea of not harming developing countries that can't afford to pay the big price or are we going to keep them for ourselves?

[*English*]

Mr. Bill Matthews: There are a couple of points there. Number one, most of the vaccines we're talking about require two doses. As mentioned, none of these vaccines is yet approved for use, so it's not certain that they will come to fruition, but Canada does have the option to donate doses to other countries if that is of interest. Again, that is a question more appropriate for Global Affairs and Health Canada.

The Chair: Thank you, Ms. Vignola.

Two and a half minutes can go by very quickly.

Mr. Green, you have two and a half minutes.

Mr. Matthew Green: Mr. Chair, as a point of order, before you start my time, can we make sure Mr. Matthews' sound is working in good order, without echo? I don't want to go through this again.

Mr. Bill Matthews: Am I the only one hearing the echo?

Mr. Matthew Green: No, I was hearing it too. I think it has to do with the Zoom, when it switches from the "in room" to you.

Can you just say a couple of things?

Mr. Bill Matthews: Certainly. I'm very much looking forward to Mr. Green's questions.

Mr. Matthew Green: I should be good to go, so if you have your stopwatch, we can get going.

The Chair: Okay, Mr. Green, I'm touching the start button now.

Mr. Matthew Green: Thank you very much. Through you to Mr. Matthews, I'm going to switch gears a bit.

We know that, in the last Parliament, Bill C-344 was a private member's bill to amend the Department of Public Works and Government Services Act "to provide the Minister with the authority to require an assessment of the benefits that a community derives from a construction, maintenance or repair project." :

Given the government's recent signals that a COVID recovery would include significant investments in infrastructure, does your department still follow that in spirit, even though it looks as though the bill might have gotten stalled at the Senate?

Mr. Bill Matthews: When we are doing procurements in specific areas, we certainly do community benefits plans, indigenous being the most obvious one. It would be hard for me to say that we follow it across the board. It depends on the nature of the procurement and whether there's an under-represented group that's actually impacted there.

What I would say right now is a partial "yes".

Mr. Matthew Green: Given the commitment to housing, for instance, you know that in controlling the National Capital Commission you have LeBreton Flats as a development. I wonder whether you will or whether there have been conversations with the National Capital Commission to require community benefits agreements on the land parcels you are intending to sell.

Mr. Bill Matthews: I will pass that question over to James, and if he does not have the answer, we will get back to you with that one in writing.

James.

Mr. James Stott: Thank you.

That is certainly factored into discussions. There is an advisory group that has been pulled together, and that is one of the themes that has come up.

As well, we have other organizations in our portfolio, Canada Lands being one of them.

• (2035)

Mr. Matthew Green: Yes.

Mr. James Stott: They set targets for things such as low-income housing in their development plans.

Mr. Matthew Green: What is the success rate there? Given the government's bold commitment to housing, how much in federal set-asides are you using through the Canada Lands Company to ensure that deep affordability in social housing is actually rolled out in these plans?

Mr. James Stott: If I'm not mistaken, generally they have a target of 10%—

Mr. Matthew Green: Are they achieving that?

Mr. James Stott: Their track record is quite good, but I'd have to get you a definitive answer on that.

Mr. Matthew Green: Could you report back to this committee? Can you send us an email or some type of update on that?

Mr. James Stott: I'd be happy to.

Mr. Matthew Green: Thank you very much, Mr. Stott.

The Chair: Thank you, Mr. Green.

We will now go to Mr. Lloyd for four minutes.

Mr. Dane Lloyd (Sturgeon River—Parkland, CPC): Thank you, Mr. Chair.

In my previous question to the Treasury Board minister, I asked him whether his department had attempted to identify any cost savings, especially during the pandemic. I've heard a lot of discussion about moving away from single-use plastics and procurement. I wonder whether anyone can answer: Has there been any direction from the government to try to identify any cost savings in procurement, whether it's through government buildings, contracts with building maintenance or anything of that matter?

Mr. Bill Matthews: Mr. Chair, the easy answer to that one is that, as we think about the future of our office space and how we might work, given that large parts of this department and other departments are working quite effectively with telework, there's an open question about how we reorganize ourselves in terms of the future of the workspace. That's not from a savings perspective, but we're actually finding that people are, in many cases, quite happy to telework at least significant parts of the time.

"Do you need a dedicated office?" is a question that we are asking ourselves as we work on our future real property portfolio for the government. That would be the obvious place where one might find some cost savings, depending on how that rolls out.

Mr. Dane Lloyd: Thank you. I appreciate that this is a good answer, but I would ask whether there is any foreplanning by anyone in the government, trying to identify ways such as that or any other ways that we can build a future civil service or our future government operations that will be leaner and just as effective.

Mr. Bill Matthews: The real property portfolio, or the planning for it, is under way now. Obviously, our COVID experience requires an update to that, because people are certainly thinking differently. The other part of the question is around technology and how effectively we are able to equip our workforce with the IT-type tools they need to work from, effectively, anywhere.

I'm sure you'll appreciate that the real property vision plan is not a short-term game. That's a long-term business. However, we're certainly thinking along those lines.

Mr. Dane Lloyd: Thank you. That's a great segue to my next question.

A recent open letter from the Canadian council of innovators to the Prime Minister outlined that Canada is falling back disturbingly on the Bloomberg innovation index. We're now in 22nd place, behind Slovenia. I think most Canadians would be shocked to see that their country is not being innovative technologically.

Part of the reason CCI is pointing this out is that our government doesn't seem interested in partnering with homegrown information technology companies to develop those local Canadian innovators. Can you answer why our government doesn't seem to be partnering and trying to promote Canadian innovation?

Mr. Bill Matthews: I can give a couple of reactions to that from a procurement perspective. There are existing tools out there that actually allow for Canadian innovation to be factored into procurement. You often hear from start-ups that—

Mr. Dane Lloyd: What about sole-source contracts?

Mr. Bill Matthews: I am not sure I understand that part of the question.

Mr. Dane Lloyd: Well, in my experience, it seems like we've been seeing a lot of sole-source contracts to large American conglomerates. If there is no opportunity for Canadian companies to even bid or even present their services, how are any tools going to be useful for getting those companies business?

Mr. Bill Matthews: I think we have a good range of contracts out there, Canadian and elsewhere, but we do have a sector dedicated to especially small and medium-sized enterprises who are looking to break in. That's what the OSME group does inside PSPC. There are other programs out there as well. There are existing programs that one can use and take advantage of and that try to assist Canadian industry where appropriate.

Mr. Dane Lloyd: How is this government looking on building the digital infrastructure? With COVID we know that it's even more necessary, now more than ever, with our EI systems being decades old. What sort of investments is the government looking at making to actually make sure we can operate as a technologically modern country?

• (2040)

Mr. Bill Matthews: I think that question is probably best suited for Shared Services Canada and maybe some others. In terms of our role at PSPC, when there is a desire to upgrade or refresh or replace a system, obviously we would be involved in the procurement. If there is a competitive process, which for those large-type replacement projects there would be, we would have a role in the competition. But in terms of setting out the vision, that would likely be found elsewhere.

The Chair: Thank you, Mr. Matthews.

Thank you, Mr. Lloyd, for your questions.

Mr. Jowhari, you have four minutes.

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

Mr. Matthews, in the 2020-21 main estimates, PSPC is requesting about \$1.5 billion under vote 5, which is capital expenditures. This amount seems to increase about half a billion dollars, or about 55%, compared with the 2019-20 main estimates. Most of the capital expenditure requests in 2020-21 are attributed to property and infrastructure. Can you give us a breakdown of this increase that is planned for capital expenditures compared with the prior year, please?

Mr. Bill Matthews: I'll lean on my chief financial officer in a moment, but as we said earlier, it's not fair to do a straight comparison between the two. Last year's main estimates had a special budget implementation vote that went along with it, so the difference isn't quite that stark.

Wojciech, do you want to please take a crack at this one?

Mr. Wojciech Zielonka: Yes, absolutely.

Last year's number was \$1.278 billion. This year's number is \$1.587 billion. The increase is about \$309 million overall. In terms of the main categories or the main drivers of that, it's really in what we call "predictable" capital funding. That's very much around our property portfolio. That's where the bulk of that is. This year it's \$547 million, which is by far the largest number. That's an increase of about \$307 million over last year.

As the deputy indicated, one of the challenges is that the numbers aren't quite an apples to apples comparison, because some of the numbers last year were mixed between vote 1 and vote 5. This year's numbers are more pure in terms of the vote 5 number, so \$547 million is a pure number.

I'm not sure, Mr. Chair, if that covers it.

Mr. Majid Jowhari: When we talk about the property infrastructure, an increase of, let's say, \$300 million, can you share with us why there is an increase of \$300 million, then, when comparing apples with apples?

Mr. Bill Matthews: Maybe I'll start.

It's a couple of puts and takes. The most obvious ones to mention would be the federal labs initiative as an increase, which we talked about already from the federal laboratories.

On Terrasses de la Chaudière, there was some work there, and on the West Memorial Building, which will be the temporary home of the Supreme Court. These are just some highlights of some of the ones that are causing increases.

It's decreased by a reduction in the long-term vision and plan for the parliamentary precinct because we completed some projects there, the Senate being one of them, and the first phase of the visitor welcome centre. Those are partial offsets to decrease....

That gives you the highlights.

Mr. Majid Jowhari: Okay, great. Just quickly—I think I have about 30 seconds—does the PSPC have sufficient funds to carry out the planned capital projects you have for 2021?

Mr. Bill Matthews: Wojciech, you should take that as the CFO—

Mr. Wojciech Zielonka: PSPC does have sufficient funding to carry out this plan and to address the existing assets that need the major capital funding in 2020-21.

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

Thank you, everybody, for the questions.

I'd like to thank the witnesses for appearing and answering the questions. It was greatly appreciated that you stayed for the extra 15 minutes and were able to answer all of the questions for us.

For all those who indicated they were going to provide us with further information, if you would provide that to the clerk in a timely manner, it would be greatly appreciated.

With that said, I'm going to ask the committee members to stay on briefly. We have a little business to deal with quickly. While the witnesses are signing off, we'll take about five seconds and reconvene here very quickly.

• (2045)

Mr. Bill Matthews: Thank you, Mr. Chair.

The Chair: Okay, thank you, committee, for being here. I understand there's been some discussion amongst the parties about changing the date of the deadline for the PBO costing analysis report to Friday, February 5, 2021. In order to do so, we need to discharge the old order and replace it with a new one containing a revised date.

The clerk has drafted the following motion which we believe will achieve this, and I will read it to you:

That the order adopted by the committee on Monday, November 2, 2020 pertaining to the request to the Parliamentary Budget Officer be discharged and replaced with the following:

That the committee requests that the Office of the Parliamentary Budget Officer undertake a costing analysis of building the Canadian Surface Combatants and building the FREMM, the Type 31e and other possible competing ships and that the report containing this analysis be presented to the Chair of the Committee by Friday, February 5, 2021.

Does the committee agree with this motion?

(Motion agreed to)

The Chair: We have consent.

With that said, thank you, everybody, for bearing with us today.

We are now adjourned.

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