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# Standing Committee on Government Operations and Estimates

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Chair: Mr. Robert Kitchen





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Wednesday, March 24, 2021

• (1650)

[*English*]

**The Chair (Mr. Robert Kitchen (Souris—Moose Mountain, CPC)):** I call this meeting to order.

Welcome, everybody, and thank you very much for coming this afternoon to meeting number 22 of the House of Commons Standing Committee on Government Operations and Estimates.

The committee is meeting today from 4:49 to 6:49. We will hear from the Minister of Public Services and Procurement Canada as part of the committee's study on the subject matter of supplementary estimates (C), 2020-21.

I would like to take this opportunity to remind all participants in this meeting that screenshots or taking photos of your screen are not permitted.

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

Interpretation in this video conference will work very much as in a regular committee meeting. You have the choice, at the bottom of your screen, of 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 with the clerk or analyst during the meeting, please email them at the committee email address.

For those people who are participating in the committee room, please note that masks are required unless seated and when physical distancing is not possible.

I want to thank the minister for being here today and for offering to be here for 90 minutes. It's greatly appreciated.

At this point in time, I invite Minister Anand to make her opening statement.

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

Good afternoon, committee members and Mr. Chair.

Before beginning, I would like to take a moment to acknowledge that I am meeting you from the territory of many first nations, including the Mississaugas of the Credit, the Anishinabe, the Chipewewa, the Haudenosaunee and the Wendat peoples.

With me today are the deputy minister of PSPC, Bill Matthews; associate deputy minister Michael Vandergrift; and assistant deputy ministers Arianne Reza and Lorenzo Ieraci.

Today I am pleased to discuss PSPC's supplementary estimates (C) for the fiscal year 2020-21. First, allow me to address my department's 2019-20 departmental results report.

[*Translation*]

Among our many accomplishments for that fiscal year, we launched two Coast Guard vessels and delivered a third to the Navy. As well, the open and transparent competition to replace Canada's fighter fleet marked an important milestone in 2019 with the release of the formal request for proposal to pre-qualified suppliers.

[*English*]

We also advanced efforts to ensure that public servants are paid accurately and on time, and significant progress has now been made to reduce the backlog of pay transactions as a result of the Phoenix pay system.

PSPC's work for the year also supported the government's climate action and sustainability priorities by reducing our operational greenhouse gas emissions by nearly 60% through energy efficiencies in our real property portfolio.

Mr. Chair, these are only a handful of our accomplishments.

Of course, when the pandemic landed on Canada's shores in early 2020, my department responded quickly to procure services, supplies and equipment to protect the health and safety of Canadians.

Let me move to a vaccine update. As this committee well knows, this past year was truly like no other. The loss of precious lives, the depths of trauma experienced by Canadians and the damage to the economy wrought by COVID-19 continue to reverberate. With an ever-increasing supply of vaccines now flowing into this country, and more and more Canadians rolling up their sleeves, we are finally beginning to see a light at the end of the tunnel.

My department has pursued a diversified approach to vaccine procurement, and that approach is paying off. Canada is now set to receive 36.5 million doses before Canada Day, and we are continuing to work with vaccine suppliers every day to move up deliveries of doses.

By the end of September, all those who are eligible in Canada will have access to a vaccine. However, we know that our extraordinary procurement activities will need to continue. There is more work to be done.

I shall move to supplementary estimates (C).

[*Translation*]

To that end, the majority of funding we are requesting in our supplementary estimates is meant to continue supporting Canada's pandemic response. Namely, PSPC is requesting to convert \$380 million in unused statutory funding into voted appropriation. This will allow us to continue procuring critical goods and services on behalf of the Public Health Agency of Canada and to help with Canada's ongoing response and recovery efforts.

• (1655)

[*English*]

The PSPC quickly mobilized a significant portion of its workforce to focus on COVID. This has left a large gap in the day-to-day operations of the department, which have not slowed during the pandemic. Therefore, we are also seeking \$8.2 million to help PSPC handle other critical procurements to support the ongoing operations of government.

Beyond pandemic-related activities, we are seeking \$6.1 million for additional resources to correct data errors in the federal pension system that were transmitted by the Phoenix pay system. While the number of incoming data errors has declined recently, a backlog of files has accumulated that requires attention.

In addition, we are seeking \$9.2 million for accommodations costs for pension administration employees, and we are requesting a transfer of \$1.6 million to Shared Services Canada as part of an effort to consolidate IT services and decommission data centres. This will save considerable costs in providing data, email and telecom services for government operations.

[*Translation*]

Mr. Chair, PSPC will continue to lead on many other critical initiatives—from maintaining federal buildings, to defence procurement and supporting the national shipbuilding strategy. That strategy is revitalizing our marine sector and creating jobs for Canadians across the country.

I want this committee to know that we are applying recommendations from the Auditor General's recent report on the national shipbuilding strategy, and we are working with our partners to closely manage shipbuilding progress.

[*English*]

These are just a few examples of our department's wide-ranging work to support Canadians. The funding requested today will allow us to continue to do our important work for Canadians on many

fronts, while continuing to procure vital supplies and services that are keeping Canadians safe in this time of crisis.

[*Translation*]

Thank you very much.

[*English*]

*Meegwetch.*

**The Chair:** Thank you, Minister, for your opening comments.

We will now go to 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.

Good evening, Madam Minister. It's been a long time since we've seen you at a committee meeting. Welcome.

You may have guessed that I'm going to start by asking you about vaccines. I would like to understand why we learned from the *New York Times* that the European Union has signed an exemption agreement with 92 countries, but not with Canada. Have you negotiated to have an exemption so that we are not constantly afraid of not having our vaccines?

[*English*]

**Hon. Anita Anand:** I want to indicate that while it has been a while since I've been to the committee, I have had four appearances at OGGO, and eight appearances across five committees, with 9.5 hours of testimony in total. I am very interested in being collaborative and transparent with Parliament, and working with Parliament.

In terms of your question relating to the EU, we have managed, despite the EU's transparency mechanisms, to continue to get our vaccines out of Europe, because of our diplomatic efforts.

In addition, we are seeing a record number of vaccines coming to Canada, two million this week alone, nine and a half million by the end of March, 36.5 million prior to the end of June, and 118 million prior to the end of September. Our diplomatic efforts are working.

[*Translation*]

**Mr. Pierre Paul-Hus:** In fact, Madam Minister, you are telling us that, in terms of contracts, Canada is poorly organized and must engage in diplomacy. This is costing us billions of dollars, because we are talking about money, billions, today. So if we fail on the diplomatic front, we may not have vaccines in three weeks. At some point, it won't work.

As for export permits, we know that export permits to Canada will be in order for the next two weeks, but we don't know about what comes afterwards. The export permits could be denied and we would be left without vaccines.

Is that possible? Yes or no.

• (1700)

[English]

**Hon. Anita Anand:** I would like to reiterate that it is as a result of our diplomatic efforts that Canada has continued to receive vaccines from Europe. The nine and a half million doses prior to the end of March are as a result of our diplomatic efforts. There is an acceleration of doses from one quarter into the next, and indeed, we are continuing to see deliveries from Europe this week and next week. We will continue to work with our suppliers and diplomatic channels to ensure Canadians have vaccines.

[Translation]

**Mr. Pierre Paul-Hus:** Thank you, Madam Minister.

I'm going to talk about the ventilators now. We heard on Monday from one of your senior officials, Mr. Mills, that you ordered 40,000 ventilators last year. At the time, I asked how many were needed, because, from the beginning, I thought that was just an unbelievable order.

Of the 40,000 ventilators in a nearly \$1 billion contract, 500 were used. We have received 25,000 ventilators, so they have already been manufactured. We have no choice but to pay for them. Fifteen thousand ventilators are still to be manufactured.

Can we terminate the contract to save hundreds of millions of dollars? Can we do that?

[English]

**Hon. Anita Anand:** I wish to clarify that I did not order 40,000 ventilators. The PSPC undertook contracting at the request of both ISED and the Public Health Agency of Canada.

As you know, we're the contracting arm of government. Our role is to respond to the requests. Certainly, during this health crisis, the requests were coming to us from other government departments, and that's exactly what we did.

[Translation]

**Mr. Pierre Paul-Hus:** Madam Minister, if the Public Health Agency of Canada places an order that does not make sense, doesn't someone somewhere say that it makes no sense, that the government will not spend almost \$1 billion and give money to Baylis Medical or others if there is no need?

Isn't your department supposed to monitor all of this and say when things don't work?

That said, the question remains: can we terminate the contract? We have ventilators for the next 60 years. Can we terminate the contract and get the money back, or do we have to give the money to the companies and realize that the government just lost money and it's no big deal? It's your job to monitor this.

[English]

**Hon. Anita Anand:** My duty is to ensure we are undertaking the contracting process in a responsible way. When the Public Health Agency of Canada, responding from requests from the provinces and territories, asks us to enter into contracts to serve Canadians during the largest health crisis our country has faced, that's exactly what we undertook to do.

We're supporting the Public Health Agency of Canada. We're supporting ISED, and making sure that Canadians across the country have the materials and supplies they need to combat the pandemic.

[Translation]

**Mr. Pierre Paul-Hus:** Madam Minister, with all due respect, no one, not you, not your senior officials, is asking questions. You say yes, you send the contract and you issue the cheque.

We end up spending \$400 billion. Every time a question is asked, the answer is that we have no choice. It doesn't work that way. On the one hand, people are going to have to pay back \$1,000 or \$2,000 because they received too much CERB and on the other hand, we are spending billions of dollars without question, and that's okay.

Mr. Chair, my time is up, but I would have had a lot of questions.

Thank you, Madam Minister.

[English]

**Hon. Anita Anand:** Do I get to respond to that, Mr. Chair? There were some inaccuracies in the question.

**The Chair:** Yes, Ms. Anand, and you have 15 seconds.

**Hon. Anita Anand:** In addition to the Public Health Agency of Canada, the made-in-Canada efforts that ISED was undertaking to make sure that Canadian businesses were able to provide domestic supply, whether it was ventilators, masks or gowns, were a very important part of our government's efforts.

The ventilators and companies that were chosen were as a result of an ISED competition that it launched. These suppliers were chosen as a result of that competition. After that competition occurred, run by ISED, PSPC stepped in to support the contracting in the final instance.

• (1705)

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

If you have more to provide, please provide it in writing.

**Hon. Anita Anand:** I will. Thank you.

**The Chair:** We will go to Mr. Weiler for six minutes.

**Mr. Patrick Weiler (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.):** Thank you, Mr. Chair.

To our witnesses, thanks very much to all of you for being here today.

Especially, thank you to Minister Anand for joining us again today. This must be setting a record for the number of times a minister has appeared before committee in this amount of time, and in a pandemic no less, when I know you're working around the clock to procure PPE and of course vaccines in the most competitive market imaginable.

I want to switch topics a bit and start with a very west coast question. I'm proud to have a Seaspan shipyard within only a few minutes of my riding. I have many constituents who work there. I know they're doing some great work on various projects as part of the national shipbuilding strategy, and they are not shy about telling me about that. We also had the opportunity to see it in person last year.

Minister, please update us on the NSS, the work that's being done at Seaspan and the importance of the shipbuilding industry to our blue economy.

**Hon. Anita Anand:** The national shipbuilding strategy is a very important aspect of the work that PSPC does. It's a key component to revitalizing Canada's shipbuilding industry, setting them on the path for further national and international projects in the future.

Seaspan was mentioned in the question. It's our west coast partner in the NSS. They're doing great work in relation to our joint support ships project. These ships are essential to our overall naval posture and will ensure that both Canadian ships and those of our allies have access to essential supplies while deployed. I look forward to continuing to engage with the member, with the NSS and with the shipyards while we move down the road to completion.

In addition, I want to make sure that all members of the committee recognize that through the NSS our government is creating good middle-class jobs across the country. This includes \$1.54 billion annually to the economy and over 15,000 jobs per year. Through our fully costed and funded plan and our successful management of the NSS, we are delivering for Canadians, and we will continue to deliver for Canadians, whether it's the shipbuilding strategy, the delivery of PPE, the delivery of vaccines.... The list goes on, Mr. Chair.

**Mr. Patrick Weiler:** Thank you, Minister.

There's another issue that's especially prominent. Across the country, money laundering is an issue in Canada, but it's especially prominent in my province of British Columbia, where the nature of the money laundering that we see there actually has been given a name. It's called the "Vancouver model".

The province has launched the Cullen commission. It has uncovered how in some cases we have Chinese capital evading some of the currency export controls through the fentanyl trade to Canada, which is then being laundered through real estate and casinos. This has an impact not only on fuelling the deadly opioid epidemic that we're having in B.C., but also on raising the price of real estate.

That's why I was very curious to see that in the supplementary (C)s, there is \$419,229 under vote 1 for operating expenditures, which is requested "to strengthen Canada's anti-money laundering and anti-terrorist financing regime".

My question to you, Minister, is, what specific measures would be implemented with the requested funding and how will they

strengthen Canada's anti-money laundering and anti-terrorist financing regime?

**Hon. Anita Anand:** As I wrote a number of articles in this area when I was a professor at the University of Toronto, it does give me some great pleasure to respond.

This funding allows us to establish a dedicated team of forensic accountants to support Canada's anti-money laundering regime, its partners and law enforcement agencies in fighting money laundering and terrorist financing in Canada.

I would also like to invite my deputy minister here to add any items from a departmental standpoint that he thinks are relevant.

**Mr. Michael Vandergriff (Associate Deputy Minister, Department of Public Works and Government Services):** Thank you, Minister. I'll be very brief on this.

You've nailed it on the head. This money allows us to supplement our existing team of forensic accountants. We work very closely with law enforcement agencies and FINTRAC—this forensic group—in terms of helping them with their efforts. This funding will simply allow us to staff up a little more. In fact, we've launched the human resource processes necessary to do this hiring.

• (1710)

**Mr. Patrick Weiler:** That's great news.

I think I have only about a minute, so maybe I'll try to get to my last question quickly here.

Minister, in your opening you mentioned that PSPC's work has led to a reduction of 60% in GHG emissions for the real property portfolio. I was wondering if you could just explain how the ministry has been able to accomplish that.

**Hon. Anita Anand:** I'm really glad you asked this question also, because part of my mandate letter and part of what we are trying to do in our real property portfolio is to ensure that the systems—the electrical systems, the HVAC systems in the builds, the renovations and the new builds that we are undertaking in real property in our very large portfolio—are actually green. The Arthur Meighen Building in Toronto is an excellent example of the way in which we have been able to ensure that a contracting process, including the subcontracting process to some extent, has green portfolio acumen in it.

It's an extremely important aspect for our government, as you can see from the legislation that we've introduced. Also for me personally and for my department it is important that we continue to ensure that our real property portfolio is green.

**The Chair:** Thank you.

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

[Translation]

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

Madam Minister, thank you for joining us today. It's a pleasure to be able to talk to you.

I'm going to go back quickly to the ventilators. We know we have ordered too many.

How many FTI Professional Grade ventilators have we received so far?

[English]

**Hon. Anita Anand:** I would just clarify that at the beginning of the pandemic it wasn't clear how many ventilators would be necessary to prepare for any eventuality to respond to the pandemic. These contracts were put in place about a year ago, prior to the information coming forward which we now have, and which I guess leads to your question.

In addition, on the number, we have received over 27,000 ventilators, and for the precise number from FTI, I will hand it to Bill Matthews.

[Translation]

**Mr. Bill Matthews (Deputy Minister, Department of Public Works and Government Services):** Thank you, Madam Minister.

We have received 10,000 FTI Professional Grade ventilators, but I am not sure whether the client has checked the quality of all those we have received.

**Mrs. Julie Vignola:** Okay.

If we have to return excess, unused ventilators, will we receive a refund?

**Hon. Anita Anand:** Thank you for your question.

We have spoken with the suppliers about this.

As I said, we have already received over 27,000 ventilators.

**Mrs. Julie Vignola:** If we have to return ventilators, or not accept new ones, will we receive a refund?

[English]

**Hon. Anita Anand:** The important point to note is that we had contracts with these ventilator companies, and we have received a significant portion of the ventilators. We are continuing discussions with them with regard to the items that we have not received as of yet.

[Translation]

**Mrs. Julie Vignola:** So the payments have been made.

Will we receive a refund if we do not receive the ventilators?

[English]

**Hon. Anita Anand:** We will make sure that we are not paying for items that we are not receiving, but I will say that these are contracts that were executed last year at the request of ISED and the Public Health Agency of Canada and that negotiation includes those departments.

• (1715)

[Translation]

**Mrs. Julie Vignola:** On behalf of taxpayers, I just hope that some of the companies from which we have already purchased the ventilators will not be able to double their profit on items that have been paid for and that ultimately will not need to be delivered.

Now let's talk about vaccines. What is the average price of vaccines in Canada?

[English]

**Hon. Anita Anand:** To respond to the ventilator point that you made, we have to recognize that when ISED negotiated with the companies for the provision of ventilators, it was standing up domestic capacity. Canadians want product that is made in Canada, ventilators and other PPE that are made in Canada. That was at the heart of making sure we were ready for this pandemic.

[Translation]

**Mrs. Julie Vignola:** Thank you. That's very clear.

I just hope that taxpayers are not being ripped off. I was just saying that we wouldn't want a company whose ventilators were bought by the government to resell the ones that are not used elsewhere. That would be a shame.

What is the average price of vaccines?

[English]

**Hon. Anita Anand:** I understand, and I want to assure this committee, and through you the House of Commons, that I have the Canadian taxpayers' interests at heart when I am doing my job. I am very concerned with that issue myself.

[Translation]

**Mrs. Julie Vignola:** Thank you. What is the average price of vaccines, please?

**Hon. Anita Anand:** Thank you very much.

[English]

I would like to begin by saying that we entered into seven agreements for vaccines and will make sure that we are continuing to provide information, as we are able to, in terms of the confidentiality which we must keep under our agreements. There are a range of prices, and indeed we still have options to purchase under our vaccine contracts. Therefore, it's very difficult to provide an average at this time, although I will ask my deputy minister if he has anything to add on that point.

[Translation]

**Mr. Bill Matthews:** I'll just add this.

[English]

Canada's vaccine portfolio is seven different vaccines, and they're very different. They are across three different technologies, so the prices vary depending on the type of vaccine and the number of vaccine doses you buy.

I don't think it's appropriate for me to offer up an average price at this time.

**The Chair:** Thank you.

We'll now go to Mr. Green for six minutes.

**Mr. Matthew Green (Hamilton Centre, NDP):** Thank you.

Welcome back, Honourable Minister. It's good to have you here.

I want to pick up on the vaccines. I want to talk a little bit about the investments that have been made in the National Research Council.

Through you, Mr. Chair, what in your opinion, Honourable Minister, does Canada's domestic landscape look like in terms of the potential eventual domestic production of vaccines?

**Hon. Anita Anand:** Thank you so much for that very warm welcome.

I just want to say thank you to the member for Richmond Hill and the member for Hamilton Centre for their advocacy in favour of M-36, which passed unanimously today and which is one of the highlights, I think, that this Parliament has achieved since I've been an MP.

I will move now to the question of domestic production. From a vaccine procurement standpoint, my role has been vis-à-vis the seven advance purchase agreements with the suppliers, which I believe I discussed with you the last time I was at committee. In terms of domestic production, that is a lead that is taken by ISED. Domestic production within Canada is within that ministry.

However, to respond to your question, we are investing over \$120 million to expand the National Research Council facility [*Technical difficulty—Editor*] to produce two million doses a month. This is in addition to \$600 million to support the private sector vaccine development and production in Canada.

In addition—

• (1720)

**Mr. Matthew Green:** Can we pause there? Can you just rephrase that? We're doing...how much into the NRC?

**Hon. Anita Anand:** So far it's \$126 million or thereabouts.

**Mr. Matthew Green:** And how much into the private sector?

**Hon. Anita Anand:** It's about \$600 million, but that is research primarily. It's—

**Mr. Matthew Green:** Would this be tied to post-secondary—I'm thinking universities, perhaps—or is this going directly to the private sector for their research and development to then sell us back the vaccines?

**Hon. Anita Anand:** I will say that from my understanding, the money is going to research and labs, such as VIDO-InterVac in Alberta.

I'll ask my deputy to clarify the \$600 million. Again, this is a lead from ISED, not PSPC.

**Mr. Matthew Green:** No, I appreciate that. It would be nice to know, though, if they're going to some of our world-class post-secondary education.... I look at McMaster and the work that's coming out of there on leading pharmaceutical research. I'm wondering if they would be a part of that \$600-million investment.

**Mr. Bill Matthews:** Mr. Chair, I think it would be best if those questions were directed to the National Research Council and ISED as the responsible ministry.

**Mr. Matthew Green:** Well, that was a waste of about 45 seconds.

Can I ask whether Sanofi has been involved in any preliminary negotiations for the domestic production of vaccines?

**Hon. Anita Anand:** Again, in terms of lead, I personally am not involved at all in any of those negotiations. That is François-Philippe Champagne. I believe he is reaching out to various vaccine suppliers in order to continue the discussions regarding domestic production. That's why we have an MOU with Novavax, for example, that he announced.

**Mr. Matthew Green:** Okay. So there's \$120 million going into public-kept IP. Right? We've put a bunch of money through the NRC to create the foundational science for a lot of the [*Technical difficulty—Editor*] \$35 a pop.

There's \$600 million going out to the private sector; we're not quite sure. People don't want to comment on that. There's no clear understanding, from your department's perspective, early on about whether or not there are earmarked facilities in place to have the capability of domestic production.

Is that what I'm hearing here today? And you wouldn't have that information?

**Hon. Anita Anand:** Actually, could I clarify—

**Mr. Matthew Green:** Please do.

**Hon. Anita Anand:** —two things? The first thing I want to clarify is that it's not that I don't “want” to comment. My lead is on the vaccine contracts with international suppliers. ISED's lead is domestic production. Your questions relate to domestic production. Therefore, they should be given to François-Philippe Champagne and his department.

The second point I will make is that we do have an APA with Medicago, which is based in Quebec, for the provision of 20 million vaccines. In addition, we have up to an additional 56 million options with Medicago. That was a contract that we worked on with ISED.

**Mr. Matthew Green:** Would you care, at this point in time, to kind of re-establish the difference between a sale and an option? You'll recall, Minister, that we had a lengthy discussion. You assured us that we'd be front of the line. It turned out not to be the case. Many of the options that were in this world-class diversity of portfolio of vaccines didn't materialize until there were diplomatic interventions, which you've touted here today.

I'm wondering if you could just be clear with Canadians in terms of what's outstanding and how much of them are actual sale contracts versus remaining options in terms of what's been expected.

**Hon. Anita Anand:** Sure. I'll be very clear with Canadians. We were one of the first countries to sign with Pfizer, one of the first countries to sign with Moderna, one of the first countries to be—

**Mr. Matthew Green:** Signed contracts or options?

**Hon. Anita Anand:** Contracts. That's why—

**Mr. Matthew Green:** For sales.

**Hon. Anita Anand:** —we were able to have vaccinations beginning in Canada in December.

In terms of your hesitation regarding our portfolio, I think the reference to it not being world-class is misguided. We do have a world-class portfolio, with the most—

**Mr. Matthew Green:** So how did it get cancelled?

**The Chair:** Thank you.

**Mr. Matthew Green:** How did some of those original ones get cancelled if they were hard sales? I still don't understand that.

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

We'll now go to the second round.

We'll start with Mr. McCauley for five minutes.

• (1725)

**Mr. Kelly McCauley (Edmonton West, CPC):** Thanks, Mr. Chair.

Minister, welcome back.

You obviously saw the New York Times article about the EU emergency legislation to prevent exports for a six-week period. How is that going to affect us, please?

**Hon. Anita Anand:** Well, thank you for the welcome back, and thank you for the question.

You will note that we are continuing to receive vaccines from the EU—

**Mr. Kelly McCauley:** I didn't ask whether we're continuing to receive. How is this going to affect Canada? Canadians deserve to know and the provinces deserve to know how that six-week emergency legislation will affect us and our numbers delivered, please.

**Hon. Anita Anand:** If I could finish the answer that I started, it would be very much appreciated.

**Mr. Kelly McCauley:** I would like an answer. That would be wonderful. Thank you.

**Hon. Anita Anand:** Can I continue, Mr. Chair?

**Mr. Kelly McCauley:** Go ahead, if you have an answer, please.

**Hon. Anita Anand:** I would appreciate not being interrupted in making my answer—

**Mr. Kelly McCauley:** I would like an answer, please.

**Hon. Anita Anand:** —and I will continue once I am sure that I can continue it.

**Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.):** On a point of order, Mr. Chair, I'm having a hard time hearing. Can you control the conversation? I know Mr. McCauley is asking questions, but it doesn't mean that we have to lose our civility when we are engaging in a question-and-answer period.

Thank you.

**The Chair:** Thank you, Mr. Drouin. I would ask, recognizing the fact that the questioners only have five minutes' time commitment, that the answers be as succinct and clear as possible, such that they can get to the questions they would like.

I would also ask the questioners to be respectful of the minister in responding.

**Mr. Kelly McCauley:** Will do.

**Hon. Anita Anand:** We do not expect any interruptions in our deliveries from Europe.

**Mr. Kelly McCauley:** What guarantee do we have that there will not be any interruptions, then? The EU story is pretty straightforward. What guarantees do we have?

**Hon. Anita Anand:** To begin, our contracts are with Pfizer and Moderna. Those are suppliers that are not targeted by the EU restriction.

In addition, our diplomacy to date has continued to serve Canadians well as we continue to get vaccines out of Europe. As a result, we can assure Canadians that our vaccines will continue on schedule. That is the assurance we're receiving from our consulate and our ambassadors in Europe.

**Mr. Kelly McCauley:** Do we have it written into the contracts, then, that these deliveries are guaranteed?

**Hon. Anita Anand:** As I am sure you are aware, Mr. McCauley, the contents of our contracts are confidential. They require both parties' consent prior to making them public.

**Mr. Kelly McCauley:** This is the same question, but on the Indian front. We heard out of India that they may be disrupting exports. What assurances are we going to have that we will still get these vaccines, please?

**Hon. Anita Anand:** I appreciate the question.

We have 1.5 million doses remaining in our contract with the Serum Institute. I spoke today with the High Commissioner of India to Canada, who assures us that the contractual commitments that the Serum Institute has made will be observed. That is indeed the work we are continuing to ensure through our diplomatic efforts and through our conversations with the Serum Institute.

**Mr. Kelly McCauley:** What's the backup plan, if such assurances do not work out, whether through the EU or India?

**Hon. Anita Anand:** I'm glad you asked that.

The key is to remember that Canada has a diversified portfolio of vaccines. Seven APAs were entered into, for up to 400 million doses. That allows—

**Mr. Kelly McCauley:** I'm thinking of the approved vaccines.

**Hon. Anita Anand:**—Canadians to have access to multiple vaccines.

The approved vaccines are J&J, with 10 million single shot doses; AstraZeneca, with 20 million doses; coming from the United States; Moderna and Pfizer, also with 44 million doses—

**Mr. Kelly McCauley:** If the EU and the India ones are interrupted, you're comfortable that we'll just simply slide in the Johnson & Johnson and AstraZeneca, then.

**Hon. Anita Anand:** I think it's more complicated than simply "sliding in" anything. In actuality, we are negotiating with a number of partners and organizations around the world to ensure a consistent flow.

We've moved 17 million vaccines from the third quarter to the second or first quarter. That's why we're getting 9.5 million vaccines into this country this month alone, Mr. Chair.

**Mr. Kelly McCauley:** Are you able to share with us whether it's in the contracts that there will not be disruptions for vaccine deliveries for Canadians?

**Hon. Anita Anand:** Excuse me. I believe I've answered this question already.

• (1730)

**Mr. Kelly McCauley:** You will not, then, share with us that information?

**Hon. Anita Anand:** What I will share with you is that our contracts are governed by confidentiality clauses, which I as a minister respect and our government respects, in order to protect our vaccine supply chain—

**Mr. Kelly McCauley:** I just have one more question.

**Hon. Anita Anand:**—and that's what I care about.

**Mr. Kelly McCauley:** Perfect.

I just have one last, quick question for you. On January 8, you stated, "we need to be able to show to the vaccine companies that Canada is indeed following the instructions that a second dose be administered in a certain time frame." We're now hearing, through the government, of a four-month delay for the second dose.

How do you reconcile those two comments: one, that you want to stick to what the vaccine companies are saying; and now, that it's okay to wait four months?

**Hon. Anita Anand:** I have to clarify that the four-month regime and the changes to the dosage regime is not a federal government message. It's coming from the NACI, which is a separate committee of experts. So, I stand to differ from what you're saying.

**Mr. Kelly McCauley:** But it is through the federal government, though, Minister.

**The Chair:** Thank you.

We'll now go to Mr. Drouin for five minutes.

**Mr. Kelly McCauley:** Thanks, Minister.

**Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.):** Thank you, Mr. Chair.

I want to thank the minister for appearing before us.

Minister, I also want to talk about vaccine procurement. I'm an MP from Ontario, as you know, and I come from where the sunshine rises in Ontario—far, far east.

We know Ontario has over 570,000 doses in its possession right now. In January and February you reiterated on multiple occasions that Canada would get at least six million vaccines from Pfizer and Moderna. Despite the fearmongering from opposition members, you reiterated on multiple occasions there would be no reason to believe our vaccine suppliers would not respect their contractual obligations.

Recently the AstraZeneca vaccine was approved in Canada, and you were able to secure over 500,000 doses prior to March 31 through Covishield. How were you able to do that? Could you explain to this committee the relationships you have with various vaccine suppliers?

**Hon. Anita Anand:** I want to point to the fact that because of our negotiations—and I am involved in these negotiations—we have been able to increase the number of doses that Canadians will receive this quarter by 3.5 million. This is as a result of, first, the agreement with the Serum Institute of India. Second, Pfizer agreed to accelerate 1.5 million doses from the second quarter to the first quarter as a result of our aggressive negotiations. Third, we have negotiated with the U.S. government for the delivery of 1.5 million AstraZeneca doses, which should arrive in Canada very shortly.

How do we do that? Because we are aggressive at the table. We want to make sure we have earlier and earlier doses for Canadians. We did that with Moderna prior to the holidays. We did that with Pfizer before the holidays and again in this quarter, and we did that with the Serum Institute and the U.S. government.

Our approach is that we will not stop negotiating aggressively to continue to see doses arriving in Canada. That's why we're going to see 36.5 million doses prior to Canada Day and 118 million doses from approved suppliers alone prior to the end of September, and we have another vaccine in rolling review with Health Canada—that's Novavax.

All in all, Mr. Chair, our diversified portfolio of vaccines continues to serve Canadians well. We did not bank on one vaccine from any one country. We put our eggs in multiple baskets, contrary to what the opposition continually says. We diversified our approach and can continue to serve Canadians with vaccines coming from multiple countries and multiple locations and multiple suppliers.

**Mr. Francis Drouin:** Thank you, Minister.

I keep hearing this often, sometimes on the news, that Canada does not have a diversified portfolio. For this committee, can you repeat the multiple contracts that we have engaged in with the various vaccine suppliers?

• (1735)

**Hon. Anita Anand:** It really is my privilege to be able to do this because the [*Technical difficulty—Editor*] these contracts and the continual negotiations that we are undertaking every day need to be mentioned. In addition, I will specify that we have a contract with Moderna for 44 million doses, with Pfizer for 40 million doses, with J&J for 10 million doses—that's a single-shot vaccine. We have a contract with Novavax for 52 million doses; Sanofi, 52 million doses; AstraZeneca, 22 million doses; two million doses from the Serum Institute; and Medicigo, 20 million doses.

That is quite a diversified portfolio, Mr. Chair. We will continue to draw down on the contractual negotiations we entered into, recognizing the importance of getting vaccines into Canada as quickly as possible. It is the most important thing I have done in my professional life, and I will not rest until it's done.

**The Chair:** Thank you, Ms. Anand.

Now we'll go to Ms. Vignola, for two and a half minutes.

[*Translation*]

**Mrs. Julie Vignola:** Thank you very much.

I have a lot of questions. I always ask questions to understand better. I'm not playing petty politics or being partisan in committee. I'm here for the taxpayers.

Yes, the question about the average cost of vaccines is appropriate, because it allows the public to know whether or not our vaccines are reasonably priced compared to the rest of the world, and whether it would be more cost-effective to manufacture them here. So, yes, this question is appropriate.

I didn't appreciate being told that a question was not appropriate when I was asking it in the interest of the taxpayers, who pay for each of us here. In short, the message has been sent and it is on record.

Having said that, in the new budget, \$6.1 million is allocated to the administration and data integrity of the public service pension plan.

First, that was not in the other three parts of the budget. Second, are we talking about data integrity because we are currently concerned about the data in our public servants' pension plans?

[*English*]

**Hon. Anita Anand:** I referenced VIDO-InterVac, and I'll clarify that it is located in Saskatchewan, not Alberta. I would also like to clarify that I did not refer to your question in any derogatory manner. My point is that I need to respect the terms of the contract and it wouldn't be appropriate for me to comment as a result. I have the greatest respect for you as a parliamentarian, and I would not call your question inappropriate at all.

In response to your question—

[*Translation*]

**Mrs. Julie Vignola:** I want to make it clear that you are not the one who said that my question was not appropriate. I have a great deal of respect for you.

[*English*]

**Hon. Anita Anand:** To your question about the \$6.1 million figure to support public service pension funding, we are still involved in ensuring that the Phoenix pay system ensures that people are paid accurately and on time. We are continually ensuring that the backlog is reduced. We need that funding for data maintenance, for off-cycle funding and to ensure the integrity of the pension system and the data contained in that system.

**The Chair:** Thank you.

We'll now go to Mr. Green, for two and a half minutes.

**Mr. Matthew Green:** Honourable Minister, what impact if any does a risk-based pilot project add to streamline the defence procurements? What impact has it had on the national shipbuilding strategy?

• (1740)

**Hon. Anita Anand:** Let me be clear that under our government, we are seeing ships coming into the water under the national shipbuilding strategy. That's the first point we have to remember: Ships are getting in the water as a result of our management of the NSS.

In addition, the NSS has been able to benefit from the work the shipyards have done over the years. The risk-based approach that our team put in place is not just for general matters. It's for every single contract negotiation we enter into with the shipyards.

**Mr. Matthew Green:** That's perfect. Let's talk about that, because the surface combatant ship program has gone from \$26 billion to almost \$80 billion. I'm wondering what responsibility you will take as the minister involved in this procurement for 15 type 26 ships, which is closing in on \$80 billion and includes delays. How are you going to get that under control?

**Hon. Anita Anand:** I will start off by saying that your question and the PBO's report are very important for ensuring that we remain accountable to the Canadian taxpayer and to Parliament. That is extremely important to me.

I will say—

**Mr. Matthew Green:** Could I ask, please, which estimate do you take into your risk analysis, the Parliamentary Budget Officer's or that of the Ministry of National Defence?

**Hon. Anita Anand:** I will simply say that the Parliamentary Budget Office amount is the amount that we are cognizant of, that we are following. I will ask my deputy minister to emphasize any points I have left out.

**Mr. Bill Matthews:** There are a couple of points to raise. Number one, the risk-based approach results in fewer trips to Treasury Board where warranted, so it does make efficiencies inside government.

On the second part of the question, related to the Parliamentary Budget Officer's numbers, these are projections. There is always room for differences of opinion in terms of future costs and a long-term project. Our numbers—

**Mr. Matthew Green:** Then you're not including the taxes in your estimates.

**The Chair:** Thank you.

**Mr. Matthew Green:** Is that how you guys are doing procurement?

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

We'll now go to Ms. Harder for five minutes.

**Ms. Rachael Harder (Lethbridge, CPC):** Minister, earlier today, in question period, the Prime Minister said, "We are concerned with the new reports...out of the EU."

If the vaccines are guaranteed as you're saying they are, then why is the Prime Minister concerned?

**Hon. Anita Anand:** I have two clarifications. First, the concern I have and our government has is because what we're seeing across this world is vaccine nationalism taking hold. We are competing for vaccines in a very competitive global environment. In that environment, we are still managing—

**Ms. Rachael Harder:** Why are you concerned about the EU?

**Hon. Anita Anand:** I am concerned about the EU and any other jurisdiction that is exercising vaccine nationalism, because I seek to ensure that our contracts remain—

**Ms. Rachael Harder:** Will this have an impact on Canada?

**Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.):** Mr. Chair, on a point of order, surely we can let the minister answer the question, please.

**Ms. Rachael Harder:** I'd love for her to answer the question.

**An hon. member:** It's not a point of order.

**The Chair:** Please, I would ask that the minister answer the question, and in the time frame, as quickly as possible, such that the member can have time to ask whatever questions she may have in her time frame. Thank you.

**Mr. Francis Drouin:** Mr. Chair, on a point of order, I agree that the minister must answer the question, but in order for the minister to answer the question, she needs time to answer the question, which the member keeps interrupting. It's very hard for translation services and it's very hard for us to understand.

Thank you.

**The Chair:** I'd ask that everybody just relax and please calm down. Take the time to ask the questions and respond appropriately. Thank you.

**Ms. Rachael Harder:** Minister, to clarify, you're saying, then, that there will be absolutely no interruptions with regard to the acquisition of vaccines; not a single dose will be missing.

**Hon. Anita Anand:** Mr. Chair, to clarify, what I'm saying is that we're operating in a globally competitive environment and we are very aggressive to make sure our vaccine deliveries get into Canada. That's exactly what we're doing. That's why you're going to see 9.5 million doses prior to the end March, 36.5 million prior to the end of June. This is a tough environment, but we're a government that's aggressive about our vaccine procurements and that's why you're seeing them come into the country by the millions, two million this week alone.

• (1745)

**Ms. Rachael Harder:** Mr. Chair, I would ask that she answer my question.

No? Okay. I'll continue.

You said there are 118 million doses coming in by the end of the summer, but we have a population of 37 million. Why do we need those additional doses?

**Hon. Anita Anand:** To begin, the majority of the vaccines that we've procured are two-shot doses, so that is necessary to ensure that we have two shots per Canadian.

**Ms. Rachael Harder:** We still have an extra 40 million doses.

**Hon. Anita Anand:** That's correct, but we want to make sure that we have enough for all Canadians who wish to have one, and if we have extra doses, we will share them with the developing world. Our commitment is to ensure that we are sharing doses that are not needed by Canadians, and that is part of the commitment the Prime Minister has made as well.

**Ms. Rachael Harder:** Thank you.

Earlier you said that we have "a world-class portfolio". If the portfolio is world class, then why are we currently 60th in the world for vaccine acquisition?

**Hon. Anita Anand:** Vaccine acquisition...?

**Ms. Rachael Harder:** For vaccine acquisition and rollout, we're currently 60th out of the entire world.

**Hon. Anita Anand:** Let's be clear, it is interesting to me that you are using that particular stat. Could I ask who the author of that chart or stat you are referring to is? I don't have it in front of me.

**Ms. Rachael Harder:** Where would you think we rank, Minister?

**Hon. Anita Anand:** I wonder what stat you're using, because much of this is determined by the size of the country, the size of the population, the type of jurisdiction, whether there are provincial governments. There are a number of—

**Ms. Rachael Harder:** It really doesn't actually because it's based on per capita.

**Hon. Anita Anand:** It also depends on the type of vaccine that is being procured and the availability of that vaccine. For example—

**Ms. Rachael Harder:** Minister, are you proud of the fact that we're 60th?

**Hon. Anita Anand:** I don't acknowledge that we are 60th because you haven't shown me any documentation to prove that's the case.

**Ms. Rachael Harder:** Minister, you haven't presented me with an alternative. Where would you rank us?

**Hon. Anita Anand:** It's not a conditional point. What I'm saying is that our—

**Ms. Rachael Harder:** What sources would you like to look at, and what ranking would you offer based on those sources?

**Hon. Anita Anand:** I will provide that to the committee if that is the direction that the member would like to travel.

**Ms. Rachael Harder:** It is the direction. I just asked the question and you weren't able to answer it. What I can say is this. I can say that if we're 60th, but yet you as the minister who is responsible for this portfolio are saying that we have a world-class portfolio, clearly for us being ranked 60th the problem cannot be with the portfolio. The problem then must be with the one who is responsible for the portfolio. Would you agree?

**Hon. Anita Anand:** I do appreciate this very interesting question. I will simply say that we are at the very beginning of a very long vaccination campaign and we cannot make decisions about winners in this race at this very early moment.

**Ms. Rachael Harder:** I'm just wondering, would you agree?

**The Chair:** Thank you, Minister, and thank you, Ms. Harder.

We'll now go to Mr. Kusmierczyk for five minutes.

**Mr. Irek Kusmierczyk:** Thank you very much, Mr. Chair, and Minister.

I really appreciate you joining us here today. I just want to recognize, frankly, the incredible work that you and your department have done in the face of unprecedented circumstances. The level of coordination and co-operation that was required across all levels of government is simply incredible in this unprecedented environment.

I want to focus on the issue of personal protective equipment. I know that in my riding of Windsor—Tecumseh an excellent example of Canadian industry stepping forward to retool and respond to the pressing need is Harbour Technologies. Its contributions have saved lives and I'm proud of its contributions to the health and welfare of the provinces.

Minister, the opposition have raised concerns about our PPE procurement and whether you did enough to engage Canadian industry.

Minister, can you outline your PPE procurement strategy and what steps you took to ensure that Canadian suppliers were fully part of the process?

**Hon. Anita Anand:** I would like complete my response to the last question. The number that matters the most is the number of Canadians that are vaccinated. That number is increasing by the hundreds of thousands every single day. Over the course of time, as the millions of vaccines come into this country, we will continue to see our Canadian population vaccinated. It's important to recognize

that Canada is competing in a global environment, and we are still able to get vaccines into this country and into the arms of Canadians.

Now onto your question.

The procurement of PPE was the first mountain that we climbed at PSPC during this pandemic. We procured over 2.7 billion pieces of PPE, and over 1.5 billion have been received to date. We have contracts in place for face shields, gloves, gowns, hand sanitizers, N95s, non-medical masks, cloth masks, surgical masks and ventilators.

What we have done in this procurement process is to ensure we have domestic capacity in place, just like Harbour, the company you mentioned. It's important to note that over 40% of our contracts, by dollar value, are with Canadian companies. While we procured from a multiplicity of sources, we ensured that Canada would never again be in a situation that it was in at the beginning of this pandemic.

In addition, this time last year, there were no N95 Canadian-made masks in this country. Now a company, Medicom, in Quebec, has produced 10 million N95 masks. The 3M plant in Brockville, that we entered into a contract with the province of Ontario, is up and running and producing masks.

Finally, if I could go back to the question that I was asked regarding rankings, I like to speak in hard facts. I like to provide the documents to my colleagues before I cite numbers from them. We are 12th in the OECD in total doses administered. That is a far cry from 60th.

• (1750)

**Mr. Irek Kusmierczyk:** You had a chance to visit Windsor-Essex a few weeks ago to meet with the Windsor-Essex County Health Unit, local health care workers from our area hospitals and health care providers to discuss vaccines and the local vaccine readiness.

One of the concerns that was raised was with regard to the supply of PPE, such as syringes and disposable gowns, for when the local vaccine rollouts accelerate, and when we see more clinics pop up and more pharmacies delivering vaccines, which we are seeing right now.

Could you speak a bit to our readiness in terms of PPE supply for the big vaccine rollout? Could you also mention the role that the essential services contingency reserve potentially plays in that?

**Hon. Anita Anand:** I'm really glad the question has referenced syringes, because unlike many countries in the world, the PSPC has procured 262 million syringes and 160 million low dead-volume syringes, which are the syringes you need to extract the most number of doses per vial in an efficient and expeditious manner. We have 12 million of those syringes in Canada already, being delivered to the provinces and territories.

That's what we've—

**The Chair:** Thank you, Minister. I appreciate that. I hate to cut you off there, but we have time constraints. If you could provide us with further information on that, it would be appreciated.

**The Chair:** We'll go to Mr. Paul-Hus, for six minutes.

[*Translation*]

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

Good evening, again, Minister.

I know how we can save \$375 million, which is equivalent to the taxes paid by 25,000 middle-class Canadians. That is the cost of 15,000 unnecessary ventilators.

Can you tell us whether or not you will do everything you can to cancel those 15,000 unnecessary ventilators and save \$375 million?

• (1755)

[*English*]

**Hon. Anita Anand:** It's interesting that in the question you say they're not going to be useful.

I just wonder, Mr. Chair, how my honourable colleague comes to that determination.

At PSPC, I'm simply continuing to execute requests that are given to me and my department from the Public Health Agency of Canada, and—

[*Translation*]

**Mr. Pierre Paul-Hus:** I can answer you quickly, Madam Minister.

We have taken 400 ventilators that were already available from the national emergency strategic stockpile, and 500 new ventilators have been manufactured. That leaves 25,000 that are not needed or may be needed in the future. However, that is far too many. We could cancel the contract for the remaining 15,000 ventilators and save the equivalent of the taxes of 25,000 Canadians. Since you don't want to answer, let's continue.

In the November economic update, your colleague Hon. Chrystia Freeland, the Minister of Finance, mentioned that \$14.3 billion was for vaccines and therapeutic products. This includes \$1.3 billion for COVAX—which is fine—and \$2 billion to pay for two doses of vaccine per Canadian. We don't know where the other \$11 billion goes.

Here's my question. Should we pay the companies even if we don't need the hundreds of millions of doses of the suite of vaccines you have famously reserved, yes or no?

[*English*]

**Hon. Anita Anand:** We paid a down payment to the vaccine suppliers for the provision of vaccines. If we do not receive vaccines or we do not exercise options, we do not pay the full amount of the contract.

[*Translation*]

**Mr. Pierre Paul-Hus:** My understanding is that, if we can get enough doses from Moderna and Pfizer quickly to vaccinate Canadians, we won't have to honour the contracts and pay billions of dollars extra.

With respect to the timeliness for the vaccines—

[*English*]

**Hon. Anita Anand:** Am I able to respond to any of these questions at all, Mr. Chair, or do I just have to wait and hear him make incorrect points?

**Mr. Pierre Paul-Hus:** It was information on my side, not a question.

I have a next question, Minister.

[*Translation*]

The Prime Minister has announced that every Canadian will receive one dose of the vaccine by July 1. Since two doses are required, no Canadian will actually be vaccinated by July 1.

How long will it take to get through the pandemic? Do we still see the possibility of doing so before September 30 or are we now looking at December?

Based on our current vaccination rate, we certainly won't be vaccinated by the end of the year. Is that true?

[*English*]

**Hon. Anita Anand:** Mr. Chair, the reason I wanted a moment is because the honourable member is presenting a number of hypotheticals to me as though I would have the answers to hypothetical situations that he is pointing out, including whether we would utilize only Pfizer and Moderna depending on where we're at in September.

I am the procurement minister. I'm procuring vaccines, and I'll continue to do that until every Canadian has access to a vaccine.

Thank you.

[*Translation*]

**Mr. Pierre Paul-Hus:** I understand your answer. However, I'm just asking whether, according to your understanding, all Canadians will have received the two doses necessary to be considered vaccinated by the end of the year or before.

Let's move on to another topic.

Can you tell us whether the Davie shipyard in the Quebec City area will be included in the national shipbuilding strategy? We are coming to the end of March and we have heard nothing yet.

**Hon. Anita Anand:** Yes, of course.

It's a very important question, because the Davie shipyard is a great partner, helping our government get results for Canadians. First, the process is ongoing, and we are currently planning to make a decision this fall. We continue to work collaboratively with the shipyard. Recently, the Davie shipyard requested and received an extension to the application process and we look forward to reviewing their proposal.

• (1800)

**Mr. Pierre Paul-Hus:** Thank you.

My last question is about the polar icebreaker. This is becoming an urgent situation in terms of Canada's national security. We have to depend on our American colleagues.

Will the contract for the polar icebreaker be awarded soon, yes or no?

**Hon. Anita Anand:** Thank you very much.

As you know, all Canadian shipyards were able to respond to the request for information, which closed on March 13, 2020. We are now reviewing the responses. No decision has been made yet.

[*English*]

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

Now we'll go to Mr. Jowhari for six minutes.

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

I'd like to also thank the minister and the department, not only for appearing in front of us once again, but also for the amazing work you've been doing.

Minister, my colleague, MP Drouin, wanted to focus on the first quarter, and vaccine procurement and the great work you've done. Just for the sake of Canadians—so many of them are watching—and making sure that you have an opportunity to send the message to Canadians, can you share with us what our plan was for Q2 and Q3 and what efforts you have made to increase those numbers? Also, what is our situation right now for Q2 and Q3?

That's for the initial estimates that you provided, with the now updated estimates, and the efforts that you and your department have made, whether through diplomatic efforts or direct conversations that you've had with the manufacturers.

**Hon. Anita Anand:** We are leaving no stone unturned in this race for vaccines for Canadians.

As you can see, and as I've mentioned, we were able to accelerate 3.5 million doses from later quarters into this quarter to accelerate the pace of vaccinations for Canadians. In addition, we've moved up 17 million additional doses from Q3 to Q2 or Q1 to ensure that 36.5 million Canadians will be inoculated should they want a vaccine prior to the end of June, and then 118 million prior to the end of September, and that's just from approved suppliers alone.

We are continuing to ensure that the vaccine suppliers and other organizations such as the Serum Institute of India, as well as governments—including the United States government, with whom we negotiated successfully for 1.5 million doses of AstraZeneca arriving very shortly—are keenly aware that Canada is willing and able and aggressively looking for the acceleration of doses on a day by day or week by week basis.

That's why, Mr. Chair, I am continually in touch with our suppliers not just weekly but daily, to ensure that we have the earliest possible delivery of vaccines into this country. Despite vaccine nationalism that we are seeing throughout this world, Canada has continued to receive shipments of vaccines from Europe and from India because of the commitment we have every single day to ensure

that vaccines are arriving on this country's soil, and it's a task that we will not stop at until it is accomplished.

**Mr. Majid Jowhari:** Thank you, Minister.

You didn't get a chance to respond about the supplies that your department is also procuring in support of the vaccinations, such as the needles. Can you start again and go through the efforts that you and your department are putting into making sure that we have not only the vaccines, but also the support such as needles and gowns and the other supplies we need?

**Hon. Anita Anand:** I certainly will.

I want to start by saying that early on in the pandemic we were heavily criticized by the opposition for not having testing and rapid testing kits available, yet, Mr. Chair, we procured 40.5 million rapid tests. We delivered over 20 million of those rapid tests to the provinces alone, and we are continuing to engage in procurements of rapid tests. That's just an example of what we are doing to support Canadians in this pandemic.

Whether it's rapid tests or syringes, alcohol swabs, sharps containers, gauze, vials, deep refrigerators or ultra-deep refrigerators, we have been procuring and procuring a continual supply of items to support the provinces and territories in their response to this pandemic.

• (1805)

**Mr. Majid Jowhari:** Thank you, Minister.

I only have about a minute left and I really want to talk about the \$200 million in the supplementary estimates (C) that's being transferred to vote 1 that you mentioned in your opening remarks. Can you expand on why that took place and what you are planning to use that for? How is that going to support the provinces and us, as Canadians, to make sure we are in a safe place?

**Hon. Anita Anand:** I assume, Mr. Chair, that the member is referring to the \$380 million in unspent funding. Is that correct?

**Mr. Majid Jowhari:** Yes, Minister.

**Hon. Anita Anand:** We have continued to support the provinces and territories with the purchase of supplies. We will continue to purchase all of those supplies I just mentioned and any others that come up on a rapid state of affairs. For example, with those low dead-volume syringes, we needed to move very quickly to compete in this global environment. We were able [*Technical difficulty—Editor*].

**The Chair:** Thank you, Ms. Anand, and thank you, Mr. Jowhari.

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

[*Translation*]

**Mrs. Julie Vignola:** Thank you, Mr. Chair.

Ms. Anand, in the Supplementary Estimates (C), Public Services and Procurement Canada is requesting \$9.2 million for office accommodation costs for pension administration. This is in addition to the \$8.1 million requested in Supplementary Estimates (B). Were these costs not foreseeable? Normally, office accommodation costs are fixed by a lease signed at a certain time of the year.

Why is an additional \$17.3 million being requested in Supplementary Estimates (B) and (C)?

[English]

**Hon. Anita Anand:** Mr. Chair, I'm not sure if you can hear me. My screen is going blank here. Can you hear me?

[Translation]

**Mrs. Julie Vignola:** Yes, we can hear you.

[English]

**The Chair:** Ms. Vignola, we'll pause for a second.

I just want to check, Minister, that everything is correct.

**Hon. Anita Anand:** I'm having trouble with my connection, but if you can hear me, hopefully it will come back online. Everyone is frozen on my screen.

Shall I keep going?

**The Chair:** You are frozen on ours, but we can hear you quite clearly. If you can continue to answer, we'll continue on with the questioning.

Thank you.

**Hon. Anita Anand:** Just to respond to the member's question, is she referring to the \$9.2 million or the \$1.4 million relating to office accommodations? I'm just asking for clarification in terms of her question.

**Mr. Bill Matthews:** It's \$9.2 million, Minister.

**Hon. Anita Anand:** Thank you.

That \$9.2 million is to be reimbursed from the armed forces and the RCMP pension plan for their share of the accommodation costs. I will ask my deputy minister to supplement my response.

Thank you.

• (1810)

[Translation]

**Mr. Bill Matthews:** I thank the member for her question.

I would like to add a few comments. The member asked if these costs were foreseeable. Yes, they were, but there were some revisions, after determining exactly how many people were working on the pension files. There is a formula to reimburse the department for the funds used to pay for the office accommodation costs.

[English]

It's an end-of-year adjustment that gets based on the salary cost. I believe it's 13%. It's an end-of-year formula that we calculate.

Sometimes, even though these numbers are forecastable, we have to wait until the Treasury Board approvals come through to include

these numbers in the estimates. That is often why they show up in supplementary estimates (B) or (C).

[Translation]

**Mrs. Julie Vignola:** Would it be possible to get a breakdown of the office accommodation costs for Public Services and Procurement Canada employees who provide pension services under the Public Service Superannuation Act, the Canadian Forces Superannuation Act and the Royal Canadian Mounted Police Superannuation Act?

**Mr. Bill Matthews:** I can answer that question, Madam Minister, if you agree.

[English]

**The Chair:** Mr. Matthews, apparently we have lost the minister temporarily. Please do so while we try to reconnect with the minister.

Thank you.

[Translation]

**Mr. Bill Matthews:** Okay.

[English]

The majority of the \$9.2 million is for the public service superannuation plan. It does cover all the pension funds—the RCMP, the Reserve and National Defence as well—but I believe—let's call it 70%—relates to the public service plan, but we can give you that breakdown in an answer to a follow-up question if you want the exact numbers.

[Translation]

**Mrs. Julie Vignola:** Thank you.

I will come back to the question of ships.

I recently received a letter regarding the *Amundsen*, an aging scientific icebreaker that really needs to be replaced.

Chantier Davie has been promised a contract for six icebreakers, so I would like to know the status of the negotiations so that they can finally begin building those icebreakers, which our scientists need.

[English]

**Mr. Bill Matthews:** Mr. Chair, I'm still not seeing the minister, so with your blessing I will carry on, unless you want to pause.

**The Chair:** Certainly. We'd appreciate that. We're attempting to get her to log back in, but while we're doing that, we would appreciate your answering those questions as well as possible.

Thank you.

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

Concerning the Coast Guard's fleet and icebreakers, the member is quite right. The fleet is aging, and we are having ongoing discussions with the navy about medium icebreakers, as well as about refitting some other ones, so the discussions are ongoing. Unfortunately I can't offer specifics in terms of when contracts might be forthcoming.

[Translation]

**Mrs. Julie Vignola:** I imagine that also includes the *Diefenbaker*, the seventh icebreaker we are really looking forward to.

What percentage of Public Services and Procurement Canada's processes used an agile approach in 2019-20?

Do you expect that percentage to change in 2020-21?

**Mr. Bill Matthews:** Mr. Chair, can the member clarify whether she is talking about the use of the agile approach as it relates to procurement processes in general or—

**Mrs. Julie Vignola:** Yes, I am talking about procurement.

**Mr. Bill Matthews:** Okay. I expect that percentage to increase. It's an approach that we really like. It can't be applied to every competition, but we would like to use it more often.

Perhaps my colleague Mr. Ieraci could elaborate.

**Mr. Lorenzo Ieraci (Acting Assistant Deputy Minister, Procurement, Department of Public Works and Government Services):** Thank you very much, Mr. Deputy Minister.

The agile approach to procurement is primarily used in the IT field, when we buy computer systems or other items. We have started using this approach, which has been used regularly in the private sector for the past few years. We continue to train our procurement officers to be able to use the agile approach more frequently in the future.

• (1815)

[English]

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

Thank you, Ms. Vignola. I appreciate that. I gave you a little extra time because of the breakdown.

I see we have the minister. She is just reconnecting, and we're just about to go to Mr. Green for six minutes, and I think we'll start.

Minister, can you just say a word or two, just to make certain we have you hooked up?

**Hon. Anita Anand:** My sincere apologies for that. I don't know what happened, but I'm back now and ready to answer any more questions you might have.

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

Mr. Green, you have six minutes.

**Mr. Matthew Green:** I'm going to start off by setting my politics aside for a moment. I just want to have a human moment if that's possible, heading into this third wave and after what has been a very long year, and say that I do appreciate that the minister continues to come back.

I feel that in this committee it is often the case that things become fairly confrontational. I want to just acknowledge that and I want to acknowledge that it is not personal when things become confrontational. There is a general feeling that I've been having about the way we do this work. We have limited time, and it sometimes feels like—and this is an “I” statement—the questions we're asking are not being adequately answered and sometimes it feels like witnesses and testimony to this committee seek to run the clock out in ways that don't provide us with the fullness of answers we're trying to actually get.

I want to go on the record to say that, Mr. Chair, because I know your job is tough and I know that we're all under a lot of pressure, but I want to note that I think the minister, in this particular role and in this particular crisis, has made an exemplary effort to continue to come back to this committee and even to avail herself, after the technical difficulties. I want to just say that with my first one and a half minutes.

With that being said, I need to pick up where we left off, which was a disconnect, quite frankly, between the honourable minister, through you, Mr. Chair, and her ADM, so I will ask the question to the honourable minister.

When you do procurement, do you include, domestically, taxes in your estimation of costs?

**Hon. Anita Anand:** My understanding is that the PBO report contained a number of points that we are going to now take a look at moving forward. Our costing is based on Treasury Board policy.

**Mr. Matthew Green:** Does the Treasury Board policy include in its estimates the provincial sales tax?

**Hon. Anita Anand:** That is a question I will ask my deputy minister, his having worked at Treasury Board and leading these procurements within the department [*Technical difficulty—Editor*]

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

I may be dated here, as I'm drawing back on some previous experience. I think some of the taxes exist. We all know that. When you do contracts, you often do...the base amount plus the tax, so we know it's there.

I think, for some reason, some of the confusion is because, when departments are figuring out what vote to charge, the taxes are charged off to a different vote.

I think that's—

**Mr. Matthew Green:** Through you, Mr. Chair, there's no confusion. I've had members from the Department of National Defence before us, and we've had the Parliamentary Budget Officer before us to talk about this stuff, and they are not including the tax. That is what the PBO's report says. There's a material non-disclosure in the estimates that is almost a \$20-million difference, \$30 million almost, in some of the cost estimates, of which some of them are including tax.

We had the minister suggest, and I think quite rightly, that she was taking the Parliament Budget Officer's estimate into account, and yet when you took the answer, sir, through you, Mr. Chair, you said that was not the case, that you were going to go with the Department of National Defence.

We're talking about line items, but on the surface combat ship-building program that started off at \$26 billion, we're now looking down the barrel of \$82 billion—capital, big B. In all the pressures we have here across services and investments in Canadians, we're going to spend \$82 billion on warships in the middle of COVID, a program that could be, as identified by the PBO, sought for \$26 billion or such.

I recognize the investments in local industry, but I mean, for that much we should have a nationalized manufacturing section. That's enough for us to build our own ships at that point, so I'm wondering why the Irving family and others get this kind of blank cheque for \$80 billion.

I will put that back to you. If the PBO is right and that cost goes to \$80 billion, who is responsible, your department or the Department of National Defence?

• (1820)

**Hon. Anita Anand:** I will start by saying that I want to take your point that we do need to ensure very keen oversight of this build. We need to make sure that we are spending appropriately. We need to be very conscientious about Canadian taxpayer money, in particular on the point about taxes, because that is a very important and fair question.

I'm going to ask the CFO of our department to come back to you with some specific information rather than continue to provide the same answer I have until now.

**Mr. Matthew Green:** Thank you; I appreciate that.

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

Minister, we appreciate the fact that you have come back with us and that you're sticking with us. Hopefully you can stay with us a little bit longer. We do appreciate your coming back on after the breakdown of your communication.

I'm seeing you nodding your head, so I'm assuming that's a yes.

**Hon. Anita Anand:** Yes, sure.

**The Chair:** Thank you.

We will go to Mr. McCauley for five minutes.

**Mr. Kelly McCauley:** Thanks, Chair, and welcome back again, Minister. It's the second time today.

I want to get back to the issue we were just chatting about, the four-month delay between the first and second shots. I know that's not within your control.

In January, you had commented that you had some concerns that dose intervals may impact further deliveries. I realize you're not the one in charge of making a decision about the four-month wait, but do you still have those concerns that such a long wait will impact Moderna and Pfizer deliveries?

**Hon. Anita Anand:** The reason I stated that in January was because it had come up in our conversations with the suppliers. It has not come up in our conversations over the last number of weeks, including the decisions that the NACI made, and the provinces have been making, about the four-month interval.

**Mr. Kelly McCauley:** It's not a purchasing concern as much anymore, is that correct?.

**Hon. Anita Anand:** At this point, it is not.

**Mr. Kelly McCauley:** The AstraZeneca coming in from the United States, when will that start showing up in Canada? Was it one and a half million?

**Hon. Anita Anand:** That's right. We believe the doses are ready to be picked up. We are waiting for some approvals from Health Canada to be granted. We are standing ready to pick them up as soon as we get that approval.

**Mr. Kelly McCauley:** Did we not renew our Prime membership to get them next day? I'm kidding.

What's the expiration date? Hopefully, they'll start showing up, say next week or two weeks from now.

**Hon. Anita Anand:** The earliest expiration date for those doses is the end of May. Ideally, we will have two months with those doses, but they range in expiration date.

**Mr. Kelly McCauley:** How many of them are in May? Is it a small amount, or do we have to get a million? I realize you're not going to have the exact number, but is it proportional?

**Hon. Anita Anand:** I don't have the exact number. We haven't taken control of these doses. We haven't yet seen these doses. We are picking them up all in one batch. We will have more information about the precise characteristics of the doses when we get them.

• (1825)

**Mr. Kelly McCauley:** I want to go back to the European issue. I may have misheard you in our back and forth, but I heard differently from what you were explaining to my colleague.

Are you 100% sure we are not going to see a single drop in any of our expected imports from Europe over the next while?

I'm looking at the EU regulation, and it continues on until June 30, according to article 6.

When I asked you, it sounded like, yes, we're guaranteed, we're not going to lose any. Did I hear that correctly?

**Hon. Anita Anand:** I would not have used that terminology. The terminology I used is that we are continuing to receive our shipments from Europe. We are watching global supply chains very carefully in light of vaccine nationalism.

**Mr. Kelly McCauley:** How much at risk are we, then, under this EU regulation?

**Hon. Anita Anand:** Currently, we are going to be continue to get our shipments from Europe. We are seeking additional assurances that that is the case.

**Mr. Kelly McCauley:** What's that belief based on? When you say additional assurances, is it in writing? Do we have in writing that it's confirmed? Is it a work in progress? Where are we with that?

**Hon. Anita Anand:** My role is to negotiate with our suppliers. Our suppliers are telling us that the shipments to Canada will continue to flow. Doses continue to flow into the country. We are going to continue to work with our suppliers, so that remains the case.

**Mr. Kelly McCauley:** Doses are continuing to flow, but as we had planned, say a week ago?

**Hon. Anita Anand:** More than what we've planned.

**Mr. Kelly McCauley:** When did we hear about this EU regulation coming in? Most of us heard about it in the New York Times. When did our government hear about it?

**Hon. Anita Anand:** I heard about it last night.

**Mr. Kelly McCauley:** How was Global Affairs not aware of this? How did it not make you aware of this?

**Hon. Anita Anand:** That's a question for Global Affairs.

**Mr. Kelly McCauley:** Okay.

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

Thank you, Minister.

I'm going to try to stay right on time so that we can get finished on time.

We'll now go to Mr. Weiler for five minutes.

**Mr. Patrick Weiler:** Thank you, Mr. Chair.

Thank you, Minister, for sticking around with us here, especially in light of some of the IT difficulties.

Minister, throughout this whole committee meeting, you've discussed at length the amount of PPE and vaccines we've procured for the provinces and territories. I'm wondering at what cost to the provinces and territories this procurement was done by your department.

**Hon. Anita Anand:** That's an interesting question. Thank you for asking it.

At the current time, the federal government has continued to provide the PPE, the rapid test kits, the vaccines and the supplies relating to vaccines to the provinces without charge. That's in addition to the safe restart agreement of \$19 billion.

**Mr. Patrick Weiler:** Thank you.

Earlier we touched a little bit on the number of rapid tests that your department has procured for the provinces and territories. Was this done in response to requests for rapid tests by the provinces and territories?

**Hon. Anita Anand:** Yes.

**Mr. Patrick Weiler:** Many of these rapid tests have in turn been left unused by the provinces and territories right across the country, and a significant portion of them are now at risk of expiring. In my riding, I know there are many businesses that have an interest in being able to utilize them in order to protect their workers, prevent the spread of the virus and mitigate the third wave.

I'm wondering, is there any recourse from the federal government's point of view to regain access to these tests to be able to distribute them to an entity that would put them to use?

**Hon. Anita Anand:** The point I would really like to stress is that we procured these tests on behalf of the Public Health Agency of Canada, which heard from the provinces that they would need these tests.

We procured 40.5 million rapid tests. We delivered 23.4 million rapid tests to the provinces and territories, as well as federal entities. We are going to continue to support the provinces and territories to ensure that Canadians can get through to the end of this pandemic with vaccines, rapid tests and supplies. This is an across-the-board effort that our government is very committed to.

• (1830)

**Mr. Patrick Weiler:** Great.

I think we all know that we're not going to be able to fully defeat this virus until it's defeated everywhere, and that kind of informs our participation in programs like COVAX. In response to an earlier question, you mentioned that the doses we have in addition to what will be needed by Canadians will then be distributed to the developing world.

I was hoping you could expand on what that process will look like, whether there is some type of formula or criteria for which country we would seek to send those doses to and if that relates at all to the work we're already undergoing as part of the COVAX program.

**Hon. Anita Anand:** I just want to clarify that my role is to bring the doses into the country, and that's exactly what I'm going to do. Decisions about sharing of doses will be made across government, with our Minister of Foreign Affairs, Marc Garneau, and with our Minister of International Development, Karina Gould.

However, we are all on the same page with the need to exercise and advocate for multilateralism in the donation of doses to less developed countries. We believe that unless everyone is safe, no one is safe. So while we will be bringing millions of doses into this country, we will by the same token share those doses. That's why we are part of the COVAX facility. That's why our Minister of International Development has a leading governance role in the COVAX facility. We've provided \$220 million to the part of the facility that is funding vaccines for the developing world. We will share extra doses, but at the same time, we're committed to the multilateral pool procurement mechanisms of the COVAX facility.

**Mr. Patrick Weiler:** Thank you for that.

To switch gears here, we have an indigenous entrepreneurship strategy, and as part of the departmental results from last year, I know there was a commitment to better include and better leverage federal procurement opportunities for indigenous businesses.

I'm hoping you could speak a little bit to how the federal government will be able to connect with indigenous businesses and how the federal government will be able to understand what types of businesses or opportunities there might be with indigenous-owned businesses.

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

Minister, we want to be respectful of your time and the fact that you're with us. If you could provide that answer in writing to the committee, I'd really appreciate that.

We'll go now to Ms. Vignola for two and a half minutes.

[*Translation*]

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

Madam Minister, under statutory appropriations, I saw that there was a decrease of \$380 million, but you requested that amount in Vote 1.

What accounts for that change?

[*English*]

**Hon. Anita Anand:** We have made these requests because the Public Health Events of National Concern Payments Act ended on December 31, 2020. Funds still remain in that envelope to support COVID-19 efforts in PSPC. Those funds are currently under statutory appropriations under the act. It would fall under vote 1 funding and allow the department to use the funding. It's essentially emergency funding.

[*Translation*]

**Mrs. Julie Vignola:** All right. Since the deadline had passed, you had to request those funds under Vote 1.

On the other hand, you have purchased a great deal of equipment, and I don't know how full the warehouses are.

Does Public Services and Procurement Canada anticipate another shortage like the one we experienced, should there be a third or fourth wave, or should another virus emerge?

• (1835)

**Hon. Anita Anand:** Thank you very much for your question.

First of all, we have a lot of personal protective equipment right now. We have lots of gowns, gloves, surgical masks and N95 masks. We also have a lot of space in the warehouses.

So thanks to our procurement efforts and our long-term contracts, we are prepared for any eventuality, and we are not going to find ourselves in that situation again.

**Mrs. Julie Vignola:** Okay.

[*English*]

**The Chair:** Thank you, Ms. Vignola. Two and a half minutes go by very quickly.

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

**Mr. Matthew Green:** I just want to ask this question. She can answer it through you, Mr. Chair, as the minister, or maybe just as a regular parliamentarian.

Does the honourable minister support the waiver of TRIPS to allow for a greater distribution of vaccines globally, given the allegations that perhaps Canada is hoarding some critical vaccines?

Would you support a TRIPS waiver? Canada hasn't been very clear on this yet.

**Hon. Anita Anand:** We are a very strong proponent of rules-based trade with the WTO at its core. We're committed to strong, resilient supply chains, and we've reached out to waiver proponents such as South Africa and India.

As the member knows, TRIPS governs IP matters, but currently vaccine access is about production, distribution and supply chains, not about IP rights. The decisions that would be made at the WTO would not be mine at all. They are made by another minister.

Therefore, I want to go back to my point that I'm in charge of vaccine procurement, and I'm going to do whatever I can to get vaccines—

**Mr. Matthew Green:** Mr. Chair, I'm going to pitch this for the world. You're going to sit at cabinet. You're going to have these critical discussions. I'm going to implore you, as a parliamentarian and a human being, to push your cabinet to do the right thing to waive TRIPS to allow the intellectual property of vaccine technologies to be distributed throughout the world.

We're in our third wave without any end in sight. We are simultaneously taking from the supply chain, which would help the global south through COVAX, while hoarding tens of millions of vaccines and standing in the way of the TRIPS.

I want to ask one more question, which was talked about—

**Hon. Anita Anand:** Can I respond to that?

**Mr. Matthew Green:** It was a statement. It wasn't a question.

Through you, Mr. Chair, let me say this. You talked about your tough negotiations with Pfizer. Pfizer, as we know, at the time of these tough negotiations was pitching the federal government to bring in new tax breaks, which included lowering corporate tax and providing tax measures such as manufacturing and processing credits.

Is it safe to say that this government did not take that into consideration? Is it safe to say that we're not going to see this type of quid pro quo in the upcoming budget?

**The Chair:** Minister, you have 15 seconds, please.

**Hon. Anita Anand:** I would just indicate to the honourable member that in a number of instances during this session he has asked questions that don't relate to my portfolio—this question included. This is a question for our finance minister. I'm not making this budget up; it's not in my portfolio. I am procuring vaccines and PPE and taking care of a number of very difficult files in PSPC and will continue to do that to the best of my ability.

That's what I have to say about that.

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

We'll now go to Ms. Harder for five minutes.

**Hon. Anita Anand:** Actually, Mr. Chair, I need to leave for another meeting. I believe I have made up the time that I have lost.

**The Chair:** Certainly, Minister, and we appreciate the fact that you came on and actually stayed longer than the 90 minutes that you indicated you would. We really appreciate your efforts on this.

**Hon. Anita Anand:** I want to thank you so much, Mr. Chair. As I said, I always enjoy coming to OGGO. Thank you so much for having me here and for those excellent questions.

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

We have basically two more rounds of questions, so if the officials would stay on for just the next 10 minutes, we should be right on time.

We will go to Ms. Harder for five minutes.

• (1840)

**Ms. Rachael Harder:** I'm going to pass my time to Mr. McCauley.

**The Chair:** We will go to Mr. McCauley for five minutes.

**Mr. Kelly McCauley:** Mr. Matthews, I want to talk about the sole-source gift to SNC-Lavalin for \$150 million for the field hospitals. What justifications are there for that sole-source contract for them?

**Mr. Bill Matthews:** There are two points to make here. There was analysis done on who was in the market, and two contracts were awarded, one to Weatherhaven and one to SNC-Lavalin, because they were both companies that were providing similar services: one to the U.S. army and I believe one to the Red Cross, but don't quote me on that.

There was a need for speed here, so it was two companies, different constructs.

**Mr. Kelly McCauley:** How much was the contract with Weatherhaven for?

**Mr. Bill Matthews:** I'd have to get back to you, Mr. Chair, with the details, but I'd flag that there are three elements. One is the design, two is the actual unit and three is supply deployment.

**Mr. Kelly McCauley:** How much has SNC actually built with that money since being awarded the contract?

**Mr. Bill Matthews:** Again, we'll have to go back to the details on the split between the two. The hospital that is currently being deployed for Ontario is the Weatherhaven model.

**Mr. Kelly McCauley:** How much has SNC actually built for that \$150 million so far?

**Mr. Bill Matthews:** Again, Mr. Chair, we can get back to you with specifics. I think it's probably relevant to see both.

**Mr. Kelly McCauley:** My understanding is nothing yet. In September there was no fixed delivery date.

**Mr. Bill Matthews:** The way these—

**Mr. Kelly McCauley:** I'm just, again, trying to figure out.... We have internal emails justifying the sole-source contract to SNC based on the urgency, and yet here we are almost a year later, and they really haven't done anything with it.

I'm trying to reconcile our having to give them a sole-source contract because it's urgent. Months after we give it to them there's no fixed delivery date, on something urgent, and here we are.... No one seems to know any use for them.

**Mr. Bill Matthews:** Mr. Chair, I can help you with this now. I understand the premise now.

**Mr. Kelly McCauley:** Please.

**Mr. Bill Matthews:** The urgency was around the design, because we had to be up and ready in case there was an ask. You can't put these into place once there's an ask. We had the idea that there were asks coming from the provinces, and—

**Mr. Kelly McCauley:** Let me interrupt. There was no ask; it was just a proposed "we think there'll be an ask". Who, then, decided that we need to find a project for SNC based on a non-existent ask? We've checked, and the internal documents we found show that no provinces were asking for this.

I'm trying to figure out how they got this. There was no one asking for this, and yet.... It's almost like WE: no one was asking for it, yet here we go. Again, no one was asking for this, and yet we found a sole-source contract for SNC—for urgent reasons—that no one really wanted, and we really haven't done anything with it yet.

**Mr. Bill Matthews:** Again, Mr. Chair, this was a planned backstop. Hospitals were filling up and it was about having a backstop ready, or in fact, two, and to lock down some of the supplies necessary in case they were needed. However, this was very much a backstop, and as we've discussed, one has been deployed and one is not yet used.

**Mr. Kelly McCauley:** Who asked for them, then? When you foresaw this issue, who was asking for them?

**Mr. Bill Matthews:** There were ongoing discussions with the provinces, through Health Canada, around hospitals filling up and what capacity was there, and then PSPC moved to actually put the contracts in place with the two companies.

**Mr. Kelly McCauley:** Was it on their own, without an official request from a province saying we need these now, or we need these later?

**Mr. Bill Matthews:** Again, Mr. Chair, if you waited until there was a request for this, you'd be too late. The analysis of the market was that these supplies were being snapped up.

**Mr. Kelly McCauley:** Okay. There are a lot of imaginary things that I think we could go and give a sole-source contract to SNC for, that no one is asking for.

I want to go back to the nine million masks. We've asked this several times of you. The ones that we bought were substandard. Have we received our money back for those masks yet?

**Mr. Bill Matthews:** Mr. Chair, those discussions are ongoing. The company attempted to replace them with suitable masks several times and was unsuccessful in providing masks that met our standards, so the negotiation dispute, call it what you will, is ongoing.

**Mr. Kelly McCauley:** We've been told in this committee that taxpayers would be made whole by this company.

We've been told, well, we have an ongoing relationship with this company, so we can't push then too hard. We've heard, well, we'll just reuse those masks for other things. When are we going to see our money back for these masks?

• (1845)

**Mr. Bill Matthews:** The discussions with the company are ongoing. There is a different interpretation of their meeting of the contract requirements.

**Mr. Kelly McCauley:** Was Deloitte involved?

Is Deloitte still involved over in China doing purchasing for us?

**Mr. Bill Matthews:** I will check with my colleague Ms. Reza to correct me, but I believe not.

Arianne, can you confirm that? They're no longer involved.

**Mr. Kelly McCauley:** Was Deloitte involved in this purchase of the nine million masks?

**Mr. Bill Matthews:** Mr. Chair, going from memory on this one, I don't believe they were, but if I have that incorrect, we can clarify with you.

**Mr. Kelly McCauley:** When do you think you'll achieve resolution?

**Mr. Bill Matthews:** As I mentioned, it's a dispute, so it's hard to say where this will go. It could end up on a number of fronts.

**Mr. Kelly McCauley:** Thank you.

**The Chair:** Thank you, Mr. Matthews; and thank you, Mr. McCauley.

We'll go to Mr. Kusmierczyk, for five minutes.

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

I want to pick up on a line of questioning that I started previously regarding the essential services contingency reserve. Can you tell us a little more about this reserve, the role it plays and how it's different from the NESS?

**Mr. Bill Matthews:** Certainly.

The essential services contingency reserve was set up as a vehicle to acquire and distribute PPE to industries and businesses that are in the essential category, that would not have been eligible to

draw from the NESS but might have been in a world where they were struggling to obtain appropriate personal protective equipment given the shortage that was in place.

You're talking here about things such as gloves and face shields, basic PPE, and it was available to a broader group of businesses that essentially had to apply and then be vetted by the responsible department in terms of whether they would have qualified.

**Mr. Irek Kusmierczyk:** Can you give us a sense of the types of organizations or businesses that availed themselves of the contingency reserve, and can you give us a sense of how much of that reserve had actually been distributed?

**Mr. Bill Matthews:** We'll have to come back in terms of actual distribution, but the types of industries we're talking about here would have been agricultural, so think of food inspection or meat-processing plants. Utilities were on the list as well. It was essentially businesses that were necessary for the functioning of society but would not have been eligible for goods under the NESS.

I should have added transportation as well. An obvious one would have been a truck-driving business.

**Mr. Irek Kusmierczyk:** Okay.

I'm just curious. Whether it's the contingency reserve, whether it's the NESS, whether it's the hundred million syringes that were acquired or the 40,000 ventilators, or again, the tens of millions or hundreds of millions of vaccines, is there a cost share at all with either the province or the local partners, the health units or any of those? Is there any contribution expected from any of the partners?

**Mr. Bill Matthews:** The provision of goods by PHAC to the provinces is done without charge. The federal government is absorbing that cost. There were some purchases that were done jointly with provinces, so there might be the odd one-off.

On the essential services contingency reserve, in that environment, the applying organization is expected to pay. When they apply, they are effectively reimbursing the federal government for the purchase. That was really about access to PPE as opposed to helping out financially.

**Mr. Irek Kusmierczyk:** But for the most part—significantly for the most part, overwhelmingly—it was the federal government that pursued, procured and distributed to the provinces billions of dollars of PPE at no cost. Is that correct?

**Mr. Bill Matthews:** That is correct in terms of the flow-through to the provinces. Absolutely.

**Mr. Irek Kusmierczyk:** I want to pick up on a question that I think my colleague was starting to ask before he ran out of time. In PSPC's 2019-20 DRR, the responsible minister notes the following:

PSPC also continued to leverage federal procurement to better include Indigenous businesses by providing them with increased opportunities to access the federal government market. The Department is working with Crown-Indigenous Relations and Northern Affairs Canada, Indigenous Services Canada and the Treasury Board of Canada Secretariat to achieve a new target of at least 5 per cent of federal contracts awarded to businesses managed and led by Indigenous Peoples.

What is the current percentage of all government contracts awarded to indigenous businesses, and how has this percentage evolved in the last number of years?

• (1850)

**Mr. Bill Matthews:** There is a concerted effort to increase indigenous participation in procurement, so awarding a high number of contracts through the COVID-specific procurement as well as in general....

Mr. Chair, I may turn to my colleague Lorenzo to finish this off, if that's okay.

**Mr. Lorenzo Ieraci:** In terms of indigenous procurement, our department is undertaking a number of activities in collaboration with colleagues in other departments, such as Indigenous Services Canada, as well as Treasury Board of Canada Secretariat and others.

One of the things I would highlight, for example, is our office of small and medium enterprises, or OSME, which does outreach and

engagement activities with small businesses from coast to coast to coast. That includes putting increased focus and attention on indigenous businesses to make sure that indigenous businesses are aware of the federal government as a potential source for them in terms of contracting. We provide awareness and training services and help companies understand the federal procurement process, where to find opportunities and how to bid on those opportunities.

I realize I'm out of time. That's just one example of some of the activities we're undertaking.

**The Chair:** Thank you. It's much appreciated.

I want to thank everybody for participating today. Thank you to the minister in particular for giving us the extra time.

Mr. Matthews, Mr. Vandergrift, Ms. Reza and Mr. Ieraci, thank you for coming back here on so many occasions. We appreciate it. We look forward to having you here again.

That said, we are only two minutes over time. I want to thank everybody for bearing with us.

I declare the meeting adjourned.

Goodnight, everybody.

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