

Opening Statement

by

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Minister of Public Services and Procurement

**Standing Committee on Government Operations
and Estimates**

Supplementary Estimates (B) 2019-2020

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Opening

Thank you and good morning.

Mr. Chair, I would like to congratulate you, the Vice Chairs and all my colleagues on your nomination to this important committee.

I feel very privileged to have been invited by the Prime Minister to join his Cabinet and to serve as Minister of Public Services and Procurement.

With me today are:

- Bill Matthews, Deputy Minister
- Marty Muldoon, Chief Financial Officer
- Michael Vandergrift, Associate Deputy Minister
- André Fillion, Assistant Deputy Minister of Defence and Marine Procurement, and
- Marc Lemieux, Assistant Deputy Minister of the HR to Pay Program Office.

PSPC is the Government's central purchasing agent, linguistic authority and real property manager. We are also the treasurer, accountant, integrity adviser, and pay and pension administrator. The department is also home to the Receiver General, which manages a cash flow of more than \$2.2 trillion a year and prepares the annual public accounts of Canada.

PSPC acts as the engine that runs the Government. We play an often unseen, but central role in enabling the work that our Government does here at home and around the world.

As an example, we are supporting the Government of Canada's response to the coronavirus outbreak. Among other things, they handled the chartering of the two planes which brought Canadians home, as well as contracts for nursing services, materials and support for returning Canadians.

I will share more examples as we discuss PSPC's Supplementary Estimates (B) for 2019-2020.

Supplementary Estimates (B) 2019-2020

Through these Estimates, we are seeking net appropriations of \$9.6 million, bringing our approved funding up to \$4.58 billion.

Let me highlight the key items.

We are seeking \$8.1 million to cover the cost of office accommodations for our pension service employees.

There are \$6.6 million in revenues from the sale of real property that PSPC will reinvest to preserve and maintain our real property portfolio.

We are also seeking \$2.1 million in additional funding to address non-discretionary increases in expenses related to operating our buildings.

These Supplementary Estimates also include a number of transfers of various funds between the PSPC and other departments to advance our government's priorities.

Mr. Chair, I will also speak to some of my priorities as Minister.

Priority Files

Phoenix

For me, there is nothing more important than ensuring that our dedicated public servants are paid accurately and on time.

The department has taken important steps towards stabilizing the pay system by increasing compensation capacity four-fold and implementing the Pay Pod approach, which has helped address the backlog of transactions.

Over the last two years in particular, we have made significant progress and have seen the backlog of cases reduce consistently.

The backlog of transactions with financial implications has been cut by more than half and at the same time we've been able to provide employees more than \$2.2 billion in collective agreement retroactive payments. We have also recently introduced a new web application called MyGCPay that allows public servants to see more detailed information about their pay and identify potential issues earlier. This was an idea from a public servant and was fully implemented recently.

While we are making progress, we understand that public servants are frustrated by ongoing issues with their pay.

I have been mandated by the Prime Minister to eliminate the backlog. To support this, my officials will be implementing a plan to further increase our pay transaction processing rate through more efficient processes and technological enhancements.

Mr. Chair, we still have much work ahead of us, but my message to employees is that we will not rest until the backlog is eliminated.

Greening

Greening our operations is another area of focus. My department intends to integrate sustainable development and energy and greenhouse gas reduction into all of its real property projects.

The rehabilitation of the Arthur Meighen Building in Toronto and the Sinclair Centre in Vancouver are two examples. Just last month, I visited the Arthur Meighen Building to see firsthand how greenhouse gas emissions there will be reduced by up to 80%, which will make it one of the first federal carbon-neutral buildings.

We are also working on a plan to power other federal buildings with 100 per cent clean electricity, where available, by 2022. Where clean electricity is not yet available, we are encouraging that industry. In particular, we are with the province of Nova Scotia to add cleaner, renewable energy to the grid in order to meet our goal of using 100 per cent clean electricity in all federally owned facilities by 2025.

Real Property – Health and Safety

Mr. Chair, we also manage one of the largest and most diverse portfolios of real estate in the country, and we have implemented a broad investment strategy to rehabilitate our aging assets and dispose of those we no longer require.

Our responsibility in this area comes with its share of day-to-day operational challenges, and when issues arise, we act swiftly.

Health and safety in our buildings is of the utmost importance and we will continue to be vigilant.

Parliamentary Precinct/ Bridges

Mr. Chair, the restoration of Canada's parliamentary and other heritage buildings is another key priority.

Building on the successful completion of this building and Senate of Canada Building, PSPC will advance important work on the rehabilitation of the Centre Block. I recently appeared at PROC to discuss the challenges ahead and how we can best come together, as one Parliament, to make sound enduring decisions. My goal is to have Parliamentarians fully engaged, and we will soon share details and costing on the various options before us.

We are making other significant investments in the National Capital Region, including plans to maintain and enhance our interprovincial bridges.

Fighter Jets

Mr. Chair, supporting the work of the Canadian Armed Forces and the Canadian Coast Guard remains front and centre in our work.

The competitive process to acquire new fighter jets is moving forward.

I will note that the deadline for preliminary proposals was recently extended at the request of industry participants. This extension allows eligible suppliers to address recent feedback on their security offers, ensuring that Canada receives competitive proposals that meet our technical, cost and economic benefits requirements.

I would like to reiterate that PSPC does not expect that the extension will impact the timeline for the selection of a successful bidder. We remain on track to award a contract by 2022, with the first replacement aircraft to be delivered as early as 2025.

National Shipbuilding Strategy

When it comes to supporting our Navy and Coast Guard, I have had the opportunity to visit our impressive shipyards in Vancouver and Halifax.

In Vancouver, the first two Offshore Fisheries Science Vessels have been delivered to the Canadian Coast Guard. The third and final vessel is under construction and expected to be delivered this summer. Construction of early blocks for the first Joint Support Ship is also underway.

At Irving Shipbuilding, four Arctic and Offshore Patrol Ships are under construction, with the first to be delivered to the Royal Canadian Navy later this year. Design work on the Canadian Surface Combatant is underway.

We are also adding a third shipyard, and Chantier Davie in Quebec has pre-qualified to become our new strategic partner. They will now move to the next stage in the selection process, the Request for Proposals and evaluation stage.

Mr. Chair, only weeks ago, we issued a Request for Information, open to all Canadian shipyards, seeking information on domestic shipyard capability to build a Polar-class icebreaker.

Given the importance and complexity of this ship, we are looking at all options to ensure efficient and timely construction.

Through the National Shipbuilding Strategy, shipyards of all sizes are benefiting right across the country.

In 2019 alone, the Government of Canada awarded approximately \$3.3 billion in new contracts to Canadian companies under the strategy. Of that amount, more than \$314 million went to small businesses with fewer than 250 employees.

Overall, the National Shipbuilding Strategy is now contributing over \$1.5 billion annually to Canada's GDP and supporting more than 15,000 jobs per year, through to 2022.

Closing

Mr. Chair, these are just a few of the activities underway to support government and deliver for Canadians.

I am looking forward to collaborating with parliamentarians, our client departments, Canadian suppliers and the dedicated team at PSPC as we continue our important work.

Honourable colleagues, thank you for your attention.

I would be pleased to take your questions.

Thank you.