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• (1545)

[English]

The Chair (Mr. Kelly McCauley (Edmonton West, CPC)): I call this meeting to order.

Good afternoon, strangers. We haven't seen each other for a long time here at OGGO, so welcome back. Welcome to meeting number 91 of the House of Commons Standing Committee on Government Operations and Estimates.

Pursuant to Standing Order 81(5) and the order of reference adopted by the House of Commons on Thursday, November 9, 2023, the committee is meeting on the study of the supplementary estimates (B) for 2023-24.

I'll remind you to please not put earpieces next to microphones, as it causes feedback and potential injury.

Before I turn things over to Minister Anand, I would like to wish our colleague Kelly Block a happy birthday. Happy birthday, Mrs. Block.

We have a five-minute opening statement by Minister Anand.

Please go ahead.

Hon. Anita Anand (President of the Treasury Board): Thank you very much, Mr. Chair.

Before I begin, I'd like to acknowledge that the lands on which we are gathered are part of the traditional, unceded territory of the Algonquin Anishinabe peoples.

This is my first appearance before this committee as President of the Treasury Board. I want to thank you so much for having me here today to discuss supplementary estimates (B).

[Translation]

Today, I'm accompanied by officials from the Treasury Board of Canada Secretariat.

I'm very pleased to be here. Thank you for the work you've done.

I know that one of your priorities is to ensure that public funds are spent prudently.

[English]

That's a role I take very seriously, along with my department. This is a time when Canadians across the country are examining their pocketbooks, and the Government of Canada is no different. We are ensuring taxpayer dollars are being used efficiently. We're

investing in priorities that matter most to Canadians. Starting in 2023-24, the government is refocusing government spending so that \$15.4 billion over five years, and \$4.1 billion annually thereafter, will support Canadians' most pressing needs.

As these estimates detail, we've already reduced travel and professional service spending by \$500 million this year, and reductions for the 2024-25 year and beyond will be included in the main estimates around March 1 of next year. These reductions will be sought from about 80 organizations across government, but there are exceptions. Let me be clear: There will be no reductions to the Canadian Armed Forces, direct benefits to Canadians, or transfers to indigenous communities or other orders of government. In addition, this refocusing of spending proposals is being carefully assessed to ensure they are sustainable and do not create future funding pressures. While we identify reallocations of spending from across organizations, the work of government has to continue, and this requires ongoing funding.

[Translation]

I'd now like to turn to the spending requests in Supplementary Estimates (B).

These estimates present additional budget spending of \$24.6 billion. Of this amount, \$3.9 billion represents an increase in planned statutory spending, meaning that it is already authorized under existing legislation. Therefore, in Supplementary Estimates (B), the government is seeking approval for \$20.7 billion in additional voted spending.

This includes significant investment in the implementation of settlement agreements and corresponding compensation for Indigenous peoples, military assistance to Ukraine, and compensation and benefits for the federal public service and the Canadian Armed Forces.

[English]

Important items requested in this year's supplementary estimates (B) include \$5 billion to the Department of Crown-Indigenous Relations and Northern Affairs to fund the Restoule settlement agreement; \$2 billion to the Treasury Board to fund recently established collective bargaining agreements for over 200,000 employees; and approximately \$1 billion to the Department of Crown-Indigenous Relations and Northern Affairs and Parks Canada to settle claims and litigation relating to land.

In keeping with this government's commitment to transparency, I note that additional details and context, beyond what is contained in the tabled documents, are available online. Reporting tools such as GC InfoBase and the Open Government portal allow users to easily see the authorities approved by Parliament, ensuring parliamentarians and Canadians alike know how public funds are being invested on their behalf.

• (1550)

[Translation]

Thank you for the invitation to appear today. I'm very pleased to be with you this afternoon.

My team and I are now pleased to answer your questions.

[English]

The Chair: Thank you, Minister.

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

Go ahead, please.

Mrs. Stephanie Kusie (Calgary Midnapore, CPC): Thank you, Chair.

Thank you very much, Minister, for being with us here today.

Minister, yesterday it was reported by CBC that 13 federal agencies are now using spyware normally associated with the intelligence world. The article stated, "The tools in question can be used to recover and analyze data found on computers, tablets and mobile phones, including information that has been encrypted and password-protected." None of these federal departments fulfilled the required privacy impact assessment necessary to determine what privacy risks exist by using these technologies. These include texts, emails and search histories.

Minister, why is your government so hell-bent on invading the privacy of Canadians?

Hon. Anita Anand: Actually, I would not agree with the premise of the question, although I will say that we need to make sure—

Mrs. Stephanie Kusie: Why would you not agree with it, Minister? This falls under your purview under section 3.3 of the directive on privacy impact assessment, so I'd like to hear from you, please. Why do you not believe that this falls under your purview?

Hon. Anita Anand: I believe the role of the President of the Treasury Board is to put in place directives and other policies that guide the public service as well as ministerial roles across the public sector in the—

Mrs. Stephanie Kusie: You're saying "guide" the public service, Minister, but they should also protect them.

What are you going to do now that this report about these 13 agencies is out there? It's not only these public servants who are having their privacy invaded, but also everyone they have communicated with by text or email, including their search histories. If they've looked up, say, an illness that their child perhaps has or anything like that, that information is now potentially in the hands of the government, so, Minister, now that we are aware of this, what are you going to do?

Hon. Anita Anand: Perhaps I could just clarify.

Mrs. Stephanie Kusie: I'm finishing my question, Minister.

Explain to Canadians, please, what you are going to do now as a result of this gross invasion of their privacy.

Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.): Mr. Chair, on a point of order, I'm riveted by the questions that are being asked, but I want to hear the President of the Treasury Board respond, so if you can provide the minister with—

The Chair: That is not a point of order, and I would just ask that we not interrupt people with non-points of order, please. I understand what you're saying, but it's not a point of order.

Everyone, I ask that you stop interrupting each other on fake points of order.

Please continue, Mrs. Kusie.

Mrs. Stephanie Kusie: Thank you very much.

Minister, I'll give you again an opportunity to tell Canadians, to tell the public service, what you are doing right now to protect their privacy. What are you doing after seeing this report yesterday?

Hon. Anita Anand: Our government will always take all necessary steps to ensure that public servants are complying with all laws, including privacy laws and the protection of our employees' personal data. Deputy heads of federal institutions are responsible for initiating the directive on privacy and they will make sure that continues to occur.

Mrs. Stephanie Kusie: Okay.

To add insult to injury beyond this terrible privacy breach, earlier this week the chief information officer of Canada resigned. This is an industry-tested individual who impressed me every single time she was at committee. She had two years to begin to formulate this plan for digital government, which, according to social media this week, Minister, you claim to be committed to. You claim to want to take a leadership role in it, and yet your chief information officer resigned this week.

Do you take personal responsibility for the lack of direction, the lack of leadership that she required in an effort to provide the entire framework of technology within the public service for Canadians? This has serious implications for Canadians in terms of service delivery. What's your response to that, Minister?

Hon. Anita Anand: I'd first like to thank the chief information officer for her excellent work for the Government of Canada. When she was hired, it was wonderful to have such expertise from the private sector come to inform our work.

This is a whole-of-government approach. We have multiple systems upgrades under way, and I will continue to work with Minister Beech, who is the new responsible Minister of Citizens' Services, in terms of the additional upgrades to our digitization and to our systems. Make no mistake: We are very much committed to making government processes more efficient for the Canadian public.

• (1555)

Mrs. Stephanie Kusie: I'm incredibly concerned. This was, as I said, an industry-tested individual. Every time she was before committee, I thought, "This is fantastic. I believe in this individual and I believe that this individual, this public servant, has the capacity to come up with a digital plan and a digital solution across government." We need 500 more IT professionals like her to get things to a place where they need to be.

As we saw as well, the reports of the Auditor General have said that digital government is really suffering, as is service delivery for Canadians, as a result of our lagging in digital solutions. Please tell Canadians, then, what your plan is, now that your top technology officer, your CIO, has said, "I can't fix this. I can't solve this". What's your plan, Minister?

The Chair: You have about 30 seconds, please.

Hon. Anita Anand: We agree with the recommendations of the Auditor General and we are accelerating and expanding the use of Canadian digital service across government. The work is ongoing.

I have been in this post just since the end of July, and since that time, I have taken a very aggressive approach to making sure that we undertake systems delivery across this government for the benefit of the citizens of Canada and especially the Canadian taxpayer.

The Chair: Thank you very much.

Mr. Sousa, go ahead, please.

Mr. Charles Sousa (Mississauga—Lakeshore, Lib.): Thank you, Minister, to you and your team, for being here.

I really appreciate the opportunity to hear more about the tremendous role that Treasury Board plays. It's essential in the mechanics of government, and certainly we appreciate the critical role you play in interacting with many departments and in maintaining some

fiscal impact that's positive as we go forward. I appreciate some of the work that's being done concurrently in that regard.

In regard to the estimates, I appreciate your illustrating those major expense items. One that stood out was the \$500 million in funding for Ukraine. This obviously is a significant addition to resources since the war started, although not all parties seem to be taking the support of Ukraine as seriously, given the recent Conservative vote against the Canada-Ukraine Free Trade Agreement implementation. Can you please tell us more about this item and share your views on supporting Ukraine?

Hon. Anita Anand: I thank the honourable member for the question.

I will say that it was one of the honours of my life to be able to lead the first iteration of military aid to Ukraine against the further Russian invasion of Ukraine on February 24, 2022. I will say that Canada stands unequivocally shoulder to shoulder with Ukraine.

The increased investments in military assistance to Ukraine signal this, and the \$500 million in the supplementary estimates (B) will enable additional military aid for Ukraine to be purchased and delivered: for example, cameras for drones and contributions to the Leopard 2 maintenance centre in Poland, which I assisted in setting up when I was in the role of Minister of National Defence.

The work to assist Ukraine is ongoing. It is disappointing that not all members of the House voted in favour of the Ukraine-Canada Free Trade Agreement, but I will say that it had, until that time, been very fruitful for all members of the House to agree and to work together on military aid to Ukraine.

Mr. Charles Sousa: Thank you.

I notice some heckling on the side there, so not everybody agrees with regard to support to Ukraine as well.

It's essential that we make these efforts going forward, Mr. Chair.

My next question is in regard to the large instalment of funding that has been directed towards indigenous settlements and programs on issues ranging from residential schools to land claims and righting historic wrongs in Treaty 8. What does this suggest about the values underlined in these estimates?

Hon. Anita Anand: We as a government are deeply committed to the Truth and Reconciliation Commission's report and the recommendations of that report, especially making sure that reconciliation remains a priority for this government.

The settlements you mentioned in your question reflect an ongoing process of recognition, of healing and essentially of addressing historic injustices. This is critical to carry out our work together with indigenous peoples. There is much more work to do, of course, but we are resolute in terms of wanting to make sure this work gets done in partnership and in the spirit of reconciliation.

• (1600)

Mr. Charles Sousa: Minister, given that this is your first time appearing before OGGO in your new role and that you've had a number of substantive roles in the past that have affected some of the work we do in this committee, can you give us some of your other priorities in your tenure as the TBS president?

Hon. Anita Anand: Thank you for the question.

I am definitely committed to providing ongoing leadership to the government's agenda. Prior to coming into government, I had 25 years as an academic in the area of economic policy, so to be able to serve in this role is consistent with my past experience.

I will be working with our government on fighting climate change, enhancing digital services, and making sure that we do whatever is necessary to eradicate discrimination and inequality in the public service. As a racialized woman myself, I take those matters extremely seriously. I look forward to implementing the goals of our government.

[Translation]

I would also like to provide the required support for official languages at every turn.

[English]

Thank you.

Mr. Charles Sousa: Chair, I'm not sure how much time I have.

The Chair: You have one minute, Mr. Sousa.

Mr. Charles Sousa: Perfect.

Minister, you recently released the manager's guideline to help in contracting professional services. We've had this discussion quite a bit in this committee regarding subcontracting and the way we deal with consulting services. Can you speak a little bit about that guideline and how it will affect consulting services?

Hon. Anita Anand: Definitely. The formal name is "Manager's Guide: Key Considerations When Procuring Professional Services". I released those guidelines very soon after coming into this role, recognizing, especially from my days at PSPC, the importance of having some hard guidelines on the ground for public servants when they're contemplating engaging with external consultants.

I also wanted to make sure that they were used in the School of Public Service, so I will say that the—

The Chair: Thanks, Minister. That is our time.

Mrs. Vignola is next, please, for six minutes.

[Translation]

Mrs. Julie Vignola (Beauport—Limoilou, BQ): Thank you, Chair.

Minister, officials, thank you for joining us today.

Today's big headline is the Government of Canada's final decision not to issue a call for tenders to replace the CP-140 Aurora aircraft. These aircraft have been upgraded with state-of-the-art technologies and can last until 2030, or even 2034.

The Government of Canada was asked to be more transparent. There were other options. Other companies were ready and could have delivered aircraft that met Canada's needs by 2030 or 2034. So a call for tenders was in order.

Why was there no call for tenders?

Hon. Anita Anand: Thank you for the question. I'm pleased to see you again.

As President of Treasury Board and former Minister of National Defence, I know that our country's national security is very important, especially in these times when we see the difficult security situation in the world. This, however, is a matter for the Minister of Public Services and Procurement, Mr. Duclos, so those questions can be answered by him and his department.

Mrs. Julie Vignola: We did ask questions, but they went unanswered. Mr. Duclos and his department didn't provide any reasons for the decision to harm our own aerospace sector, which could have strengthened the country's position as a world leader. After all, Canada ranks third in the world in aerospace.

Why did the government invest hundreds of millions of dollars in upgrades to existing aircraft, before finally opting, instead, for another plane, when it has known since 2022 that, if there were no new orders, the plant manufacturing these aircraft would close in 2025? There's an inconsistency here.

• (1605)

Hon. Anita Anand: I'd like to correct some of the facts you mentioned.

First, every dollar Boeing receives will be reinvested in the country's economy.

Second, this is a situation that allows the Canadian government to continue supporting the aerospace industry. For example, we know that the F-35 contract will create a lot of jobs here in Canada.

Mrs. Julie Vignola: That's fine. What I understand above all is that the government refused to put out a call for tenders to consider all the possible aircraft with greater capacities, which could be adapted quickly and which were already being used successfully by other countries around the world. Canada refused to consider these viable options.

In fact, there is no reason why our own industry should be harmed in this way. They say this will create 3,000 jobs. That's true, but building the aircraft here would have created 18,000. I don't know how the government does math, but I've known since elementary school that 18,000 is a lot more than 3,000. I find it appalling and disturbing that anyone would decide to harm our industry in this way. It's unacceptable.

In the case of Bombardier, for example, the planes already exist and are adaptable. This has been shown. Yet all the departments involved have turned a deaf ear. Whether it's Public Services and Procurement Canada, the Department of National Defence or any of the others, they've all turned a deaf ear.

This is an \$8 billion investment. Yes, according to the Industrial and Technological Benefits Policy, there's a dollar in benefits for every dollar invested. However, that amount would have been even higher had the government even entertained the possibility of considering other options, rather than choosing to invest with their American pals. I find this quite appalling.

I have no questions on this matter, since the decision has been made. We've been presented with a *fait accompli*. The government has not agreed to be transparent and broaden its horizons. It didn't agree to explore other options that would have been even better for the people at National Defence. It said it needed these planes now for 2030. Last time I checked, it was 2023, so we still have seven years to go. We've been asking for an open and transparent call for tenders for at least a year. Had the government opened the tender last year, as we requested, it would already have received responses. Instead, the government decided to turn a deaf ear and invest elsewhere. That may be fine, but, if we had at least been able to have a real choice, it would have been even better.

I'll save my other questions for later.

[*English*]

The Chair: Thank you, Mrs. Vignola.

Mr. Johns, go ahead, please.

Mr. Gord Johns (Courtenay—Alberni, NDP): Thank you, Minister, for being here. Thanks to your team, as well.

Minister, you just heard my colleague from Nunavut, in the House of Commons, talk about the infrastructure gap. She cited that it would take 58 to 141 years to fill the infrastructure gap. AFN cites that it would need \$44 billion to ensure we address the infrastructure gap when it comes to indigenous housing alone. Your budget commitment is \$4 billion over seven years. Where I live, in the Alberni Valley, 67% of the people who are homeless and on the streets of my community are indigenous. That's according to the latest homeless count.

I'm looking to you, Minister, to identify what your plan is. What is the timeline? I have to go back to my riding and face the 10 na-

tions, and the people who are homeless and their families. They need answers, and so does my colleague.

• (1610)

Hon. Anita Anand: Thank you so much for the question.

I want to clarify. The supplementary estimates (B), which I tabled at the beginning of November and which I am here to discuss, contain \$349.4 million for the national housing coinvestment fund, \$212 million for the interim housing assistance program, and additional measures to support governmental efforts across the board, including funds for the settlement of cases with indigenous groups.

I will say that we are committed to reconciliation. We recognize that there are additional measures we should be taking to address the infrastructure gap. Minister Hajdu addressed those in the House of Commons, as this is a matter under her—

Mr. Gord Johns: I'm sorry to cut you off, Minister, but time is short.

She didn't actually address that. There is \$349 million, whereas there is a \$44-billion gap when it comes to just housing, and everyone deserves that right, especially indigenous people. That is not addressing the gap.

I am hoping that as the President of the Treasury Board, you're actually going to be making this a priority, because you're the one who is the gatekeeper of all money spent. This really has to be your top priority.

I am going to go now to the next question, and that is on the Black Class Action Secretariat. The minister at the time, Minister Fortier, attended in May, and we're hoping you can give us some progress on that. When I brought questions to her... I was talking to the secretariat before that, and they identified that Treasury Board had received that second tranche of funding and that it was \$50 million to implement the program, but they still hadn't developed one at the time. That was the first set of funding.

That was when your government rolled out the first round of that, and the secretariat stated that there was no Black involvement in the program development. I'm hoping that's changed and you can update me. Specifically, has the Black Class Action Secretariat been involved in the development of that program?

Hon. Anita Anand: I want to begin by saying that I take all matters of discrimination extremely seriously, and our government does as well. Our government is working to create a diverse and inclusive public service. It includes passing legislation, creating support and development programs, and publishing disaggregated data.

In terms of the precise question, I'm going to ask Marie-Chantal if she would like to respond.

Ms. Marie-Chantal Girard (Senior Assistant Deputy Minister, Employee Relations and Total Compensation, Treasury Board Secretariat): Thank you very much for the question.

Yes, the class action is actually moving forward, and I will reserve comment on that.

However, since then, we have been moving forward to establish a restorative engagement program that has received funding to start initial analysis, gathering data—

Mr. Gord Johns: Is the Black Class Action Secretariat specifically going to be involved?

Ms. Marie-Chantal Girard: I think it's too early to establish that.

Mr. Gord Johns: Okay. I am encouraging that. That should be a top priority when it comes to responding to this.

Ms. Marie-Chantal Girard: We'll note that. Thank you.

Mr. Gord Johns: Your government spent \$669,650 to hire KPMG to provide advice on cutting widespread outsourcing. You can't make this stuff up. It's unbelievable that the government has used an external company to advise government on cutting their contracts.

Tell me, did they give you some advice to cut them out?

Hon. Anita Anand: The contract that you're referring to was under the purview of Minister Wilkinson, I believe, in 2022. The obligation for us to undertake a spending review is for 2023, and I came into the post in July 2023, so I had no involvement in that matter.

Mr. Gord Johns: I'm sorry, but I'm going to say this. You can't just wash yourself of this because you're the new minister. You still have to inherit the responsibility for this.

I am hoping to get answers, especially if it was 2022. You'd think they would bring back a report, with that amount of money. It doesn't look like it's working, because outsourcing is actually going up, so their advice failed government and failed Canadian taxpayers. According to the results of their advice, we're at \$21.6 billion in external outsourcing.

• (1615)

The Chair: That's our time, Mr. Johns. Thanks very much.

Mrs. Block, it's over to you, please.

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

I join my colleagues in welcoming the minister and her staff to this meeting.

Minister, you reflected on your time as the Minister of Public Services and Procurement. Obviously, that was from 2019 to 2021. During that time, you oversaw Canada's procurement processes, during the COVID-19 pandemic. I would suggest that some processes were abandoned or replaced with measures that made it easy for the current Liberal government to actually exploit the pandemic and award contracts to Liberal insiders and their friends.

My first question for you, Minister, concerns the advent of ArriveCAN. Do you recall who made the decision to go with the ArriveCAN app?

Hon. Anita Anand: I thank the honourable member for the question. I would like to wish her a very happy birthday from afar.

I will clarify, in reference to your question, that none of the contracts relating to that app came through my office. The CBSA, I understand, is the business owner. PSPC was the contracting authority, but the contracts were executed at the ADM level or below. I didn't sign off on this matter.

I do take the point that we need to continue to improve our processes in this manner. I have asked my department—some of the officials are here—to ensure that we are reviewing supply arrangements and to make sure that we're working with PSPC so that they can examine the profit margin on these contracts. Then we can provide guidance to auditors in these matters, and we can work with PSPC to modernize training for procurement specialists. Again, I did issue the manager's guide relating to third party contracting very early in my tenure, recognizing that we can do more work in this area.

Mrs. Kelly Block: Thank you very much, Minister.

As I'm sure you are aware, earlier this fall, numerous contracting discrepancies were reported in *The Globe and Mail*, which have resulted in a criminal investigation. These discrepancies involve three companies and the CBSA. This has resulted in accusations that are very serious and that include identity theft, collusion, forged résumés and fraudulent contracting.

While I hear what you have said about the measures that you are undertaking to ensure proper training for individuals who are involved in the contracting process, my question to you would be whether or not the Treasury Board is conducting a review of what happened with the ArriveCAN contractors. Will your department follow the CBSA's example and ban the companies involved from government contracts for at least 180 days, due to the revelations uncovered at this committee?

Hon. Anita Anand: The role of the Treasury Board is very much forward-looking. It is to put in place directives and policies that will support good practices and good governance in the public service. That's why the manager's guide on procuring professional services is forward-looking. It is hopefully going to be very useful for our procurement specialists.

We are working with PSPC in matters relating to outsourcing—for example, reviewing the supply arrangement, looking at profit margins and making sure that it is able to modernize training for procurement specialists.

I will say that this matter has multiple reviews under way by the OAG and other bodies. We will be following the progress of the multiple reviews, but the actual matter of reviewing this particular contract is not under the Treasury Board.

Mrs. Kelly Block: Mr. Chair, how much time do I have, please?

The Chair: You have 30 seconds.

Mrs. Kelly Block: Thank you.

I would just end by noting that the Treasury Board is also responsible for accountability and ethics. I would hope that is taken very seriously as these reviews are being conducted.

Thank you.

• (1620)

Hon. Anita Anand: Thank you. We do.

The Chair: Thank you, Mrs. Block, and happy birthday.

Mr. Kusmierczyk, you have five minutes, please.

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

Thank you so much, Minister, for being here at the OGGO committee in your new position and role. Obviously, you're no stranger to this committee.

I have a question for you, Minister. The President of the Treasury Board is responsible for supporting both official languages. Today, we learned that a Conservative MP from Alberta, who is also the shadow minister for Canadian heritage, berated the francophone Minister of Canadian Heritage for answering a question in French.

Can you comment on—

Mr. Larry Brock (Brantford—Brant, CPC): I have a point of order on relevance.

The Chair: It's not an appropriate point of order.

Go ahead, Mr. Kusmierczyk.

Mr. Irek Kusmierczyk: Minister, I want to ask you this: How important is bilingualism to your work at the Treasury Board and to the work of the Treasury Board?

Hon. Anita Anand: Thank you for the question.

[*Translation*]

It is fundamental that all federal civil servants are able to work in the official language of their choice.

As President of the Treasury Board, I am responsible for implementing Part VII of the Official Languages Act, which was amended by Bill C-13 and applies to the federal government. I will continue to work with my colleagues here and with other public servants to ensure that this law is properly implemented. It's also important that we tackle the issue of harassment, discrimination and violence in government. We need to do this. We can all work in either official language. Personally, I intend to speak in both official

languages at every meeting and whenever I appear before a committee. I hope everyone will be able to do so too.

[*English*]

Mr. Irek Kusmierczyk: Thank you, Minister.

I have a follow-up question for Madame Marie-Chantal Girard. We had Mr. Tolga Yalkin from the Office of the Superintendent of Financial Institutions appear before the OGGO committee. This was back in 2021. Mr. Yalkin said, "We quickly recognized that in a virtual environment it's so important for norms to be established so that the way in which people are given opportunities to use the official language of their choice is supported."

How important is it, Ms. Girard, to support and encourage staff, officials, to use the official language of their choice? How important is that here on Parliament Hill?

Ms. Marie-Chantal Girard: The minister will start.

[*Translation*]

Hon. Anita Anand: I'd just like to say one thing, to begin with. As an English-speaking minister, I believe that it's crucial, in the current climate in our country, to make sure that everyone has the opportunity to learn and speak both official languages.

I'll let Ms. Girard add something if she wishes.

Ms. Marie-Chantal Girard: Absolutely. Thank you, Madam President of the Treasury Board.

[*English*]

It is absolutely essential, and it is the law. It is an act.

To allow the transition to a virtual environment, we've put in place several measures for the majority of public servants to be able to function in both official languages. We've included closed captioning. Now when you use Teams, you can click on closed captioning and have a transcription in the language the person speaks, which will make it easier to capture all the nuances there.

We've provided some training, and we also made sure, in collaboration with the Public Service Commission, that we were able to continue to test and make sure that employees are meeting the language requirements of their positions and, if not, to make sure they would withhold their language profile during that period.

A lot was done, and I'm proud to be the Treasury Board Secretariat delegate for official languages.

[Translation]

Thank you for the question.

• (1625)

Mr. Irek Kusmierczyk: Thank you very much.

[English]

The Chair: Thanks, Mr. Kusmierczyk.

Next is Mrs. Vignola for two and a half minutes, please.

[Translation]

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

When I read the Supplementary Estimates, one of the questions that most often comes to mind is: why weren't these funds foreseeable? In other words, why weren't they part of the Main Estimates?

Sometimes, too, I literally wonder what certain funds correspond to. For example, in the Supplementary Estimates, I see that some funds are for critical operating requirements. For the Canadian Transportation Accident Investigation and Safety Board, those funds amount to \$3,748,724; for the Canadian Intergovernmental Conference Secretariat, they amount to \$1,428,839; for the Treasury Board Secretariat, they amount to \$11,873,293.

What are these critical operating requirements? Why weren't they foreseen in the Main Estimates?

[English]

Hon. Anita Anand: That's actually a very good question, because we do try to put the bulk of the items in the main estimates, but there are items that occur during the course of the year that are unpredictable or unexpected. Those items do make their way into the supplementary estimates (A) or the supplementary estimates (B).

[Translation]

I will ask my esteemed colleague to respond as well.

Ms. Annie Boudreau (Assistant Secretary, Expenditure Management Sector, Treasury Board Secretariat): Thank you, Madam President of the Treasury Board.

As you know, since it is often discussed at this committee, the federal budget is tabled around March, then the annual Estimates...

Mrs. Julie Vignola: We understand that quite well. I would like to know what the critical operating requirements are.

Ms. Annie Boudreau: Critical operating requirements are unexpected occurrences. For example, sometimes there are additional workloads that we didn't anticipate and therefore were not part of the initial budget requests.

Mrs. Julie Vignola: Thank you.

Ms. Annie Boudreau: If you would like an answer regarding the Treasury Board Secretariat specifically, the Chief Financial Officer, Ms. Cahill, can also provide more details.

Mrs. Julie Vignola: I understood the answer. Thank you.

I also see, for Treasury Board, an amount of \$2,271,300 corresponding to funds for leadership provided during the transition to cloud technology. So we're talking about people who are to provide

leadership. Does this fund represent additional salaries for people who are responsible for the transition?

[English]

The Chair: I'm afraid that is our time. You'll have to get back to us in the next round or perhaps in writing, if you could just follow up with Mrs. Vignola.

Mr. Johns, go ahead, please, for two and a half minutes.

Mr. Gord Johns: I'm going to go back to the question on KP-MG. You hired them and spent \$669,650 to develop recommendations that could be considered as options to ensure that Canadian tax dollars were being used efficiently. That was around consultants and whether or not to hire them.

I asked you about deliverables and you said that you hadn't heard about those, but the due dates for these task authorizations were August 25 and October 31 of this year. What did KPMG tell you? Did they tell you to spend more money or less?

Hon. Anita Anand: I'd like to clarify that departments are able to seek outside consultation as they see fit. The contract with KP-MG was awarded in 2022, long before the mandate to reduce outsourcing spending. What I, as minister, have done since coming into this role just a short time ago is to release a guide so that there are key considerations for public servants when they are procuring professional services through these contracts. I am—

Mr. Gord Johns: I was just looking for an answer on what they told you, and I'm still not getting it.

Hon. Anita Anand: I am the person who is responsible for putting in place the directives and the guidelines. That is the role I play. Mr. Wilkinson has purview over the matter you raised.

Mr. Gord Johns: I'll just do another question on the Order Paper and hopefully get the answer.

I'm going to go to your commitment. Your government is talking about selling public lands and public buildings. We've heard Conservatives talk about doing that. We saw the Doug Ford government doing that with the Greenbelt, and we are going to see billions of dollars ending up in the pockets of a handful of developers.

How do we have certainty that this is not going to happen here in Canada? I hear the commitment that 20% is going to go to affordable housing; 100% should be going to affordable housing, and our belief is that public lands belong in public hands. Will you consider leasing all public lands for affordable housing instead of selling them? The developer-driven model has not solved affordable housing anywhere in the world.

• (1630)

The Chair: Could we have a brief answer, please?

Hon. Anita Anand: Thank you for the question.

I know Minister Duclos and the department at PSPC are considering all options. There are existing legislative and policy guidelines that, from a governance perspective, guide all of the matters you raised in your question.

The Chair: Thank you.

Mrs. Kusie, go ahead, please.

Mrs. Stephanie Kusie: Thank you very much, Chair.

Minister, I'm sure you have seen the economic report out today. The economy shrank by 1.1% in the third quarter. Our deficit is currently at \$40.1 billion. Debt servicing is now at \$46.5 billion, which is more than we spend on health, as pointed out by my leader.

Minister, I said this to your predecessor when she came to committee previously. Fundamentally, inflation comes down to the Treasury Board, because these rates being so high and this inflation being so high are results of government spending. All of the money from the government, Minister, goes through you. You are the one who signs the cheques for the release of these funds.

You will note, Minister, that she is no longer in your chair. You are there now, so I am asking you whether you take personal responsibility for this terrible situation we're in now with these record-high inflation rates and record-high interest rates, which we are now starting to see permeate the economy as, for example, with the TD announcement yesterday on the loss of thousands of jobs. This is only the beginning of it, Minister.

How do you, as President of the Treasury Board, respond with respect to the spending record of your government?

Hon. Anita Anand: The Government of Canada is actually on a strong fiscal track, contrary to the implication in your question. We have an AAA credit rating, which is an objective evaluation of our fiscal situation. We have the lowest debt-to-GDP ratio in the G7 and we have the lowest debt in the G7—

Mrs. Stephanie Kusie: Minister, you said we have the lowest debt-to-GDP ratio, but it's disingenuous when the nominal states otherwise: \$80,000 per U.S. citizen and only \$50,000 here in Canada. I think it's very disingenuous to say that.

I'll lay out the facts.

For the \$15 billion that you promised you would find by October 2 but didn't even make any announcement or report on doing so, only a paltry \$500 million this year...which, by the way, is only 2.03% of the additional \$24.6 billion of new spending in the 2023 budget. The \$500 million of savings is only 2.31% of the record-high proposed authorities for professional and special services, which sits at \$21.6 billion. The \$15.4 billion in cuts over the next five years is only 11.69% of the deficits from this fiscal year throughout the next five years, Minister.

With that, I'm going to pass it to my colleague Larry Brock.

Mr. Larry Brock: Minister, GC Strategies, a two-person consulting firm operating out of their basement and producing no product or IT services, received \$44 million in two years. Of that, \$11 million went to ArriveCAN alone. GC Strategies, under criminal investigation for theft, fraud and forgery for the last 10 months, has still been awarded contracts by the CBSA, notwithstanding their suspension of contracting services to GC Strategies.

Why has the Treasury department, your department, not banned GC Strategies from all contracting from all government departments?

Hon. Anita Anand: It's actually misleading to say that we are not finding the \$15 billion over five years in the—

Mr. Larry Brock: Please answer my question, Minister.

I asked you a question. You're responding to my colleague Stephanie Kusie's question.

• (1635)

Hon. Anita Anand: I didn't have a chance to respond.

Mr. Larry Brock: I would like a response to my question.

I have literally less than one minute, so out of respect, can you please answer my question?

Hon. Anita Anand: The role of the Treasury Board, as I mentioned, is to ensure that the practices, procedures and guidelines are in place for public servants and their managers to follow. That is why I implemented and released the guidelines on procurement strategies, so that guide—

Mr. Larry Brock: The question is, why have you not banned GC Strategies across the board? It was \$11 million of taxpayer funds for doing nothing, and they are under criminal investigation.

What does it take, Minister, for you to respect the taxpayer dollar?

Hon. Anita Anand: I would like to reiterate that my role as Treasury Board president is to ensure that, from a governance perspective, there are policies, practices and procedures in place to make sure there are responsible procurement practices in the public service. Within just four and a half months of being appointed, I took some steps to ensure that this was the case by issuing the guidelines for procurement from third parties, as well as undertaking a spending review.

The Chair: That is our time, Minister. Perhaps one of your colleagues can follow up on that.

Mr. Jowhari is next, please.

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

Minister and officials, welcome to our committee.

Minister, I'm going to give you the opportunity to talk about the recently released manager's guide. You made a reference to it about three times, but you never got a chance to finish, so here's your time to finish. Also, if you could add some commentary around releasing a guide to reduce consulting services, that would be good as well.

Thank you. The floor is yours.

Hon. Anita Anand: Thank you for the question and the opportunity to respond.

I will say that the manager's guide on the procurement of professional services is meant for managers who need additional resources to refer to when they are considering procuring resources such as professional services through a contract. I want to continue to put in place good governance practices for the public service, because this is an area where we are looking to continue to improve.

I also want to make sure we have the opportunity to review these guidelines, which may be necessary once we have lessons learned. In the guidelines, I specifically put in place a paragraph that says we "will update these guidelines within the first two years of implementation, and then subsequently as required, to reflect lessons learned from their implementation and emerging leading practices."

What this all means is that I take this very seriously. My department takes it very seriously. That's why it was one of the first things I did when coming into office as minister.

The second thing I did was launch the spending review. I recently tabled the supplementary estimates (B), the subject of today's discussion. I tabled \$350 million in savings in professional services from departments across our government. I went to all departments and ministers and asked them to please find savings in the area of professional services.

Those are two tangible things I have done in the area of professional services. That is our governance in this area since I came into the office of President of the Treasury Board. I will continue to work diligently with my team and implement best practices across government.

Thank you.

Mr. Majid Jowhari: Thank you, Minister.

In your opening remarks, you talked about \$14.3 billion in professional services in the previous year. About \$800 million of that included paying for "professional and special services". I'm very curious to know how much of the \$14.3 billion in professional services was actually used on management consulting, and what that translates to exactly. What were these management consulting services for?

Hon. Anita Anand: The answer is approximately 67%, but I'd like to break this all down for you.

The figure you are referring to is for a range of expenditures—both internal and external—that cover 14 different categories, such as construction, engineering and architecture. Less than 6% of this figure was for management consulting. I'd like to clarify my answer: Less than 6% of that figure was for management consulting.

The examples I'd like to cite are these: consultants to advance benefits delivery modernization, the subject of the very first question I received about how we are going to deliver digitization for our government and the people of Canada; expertise related to health for the administration of the Canada dental benefit plan; and moneys for Indigenous Services Canada for health services in indigenous communities.

You can see that there are areas where there is a legislative requirement, or where it is necessary to contract with external consultants. We are trying to keep this to a minimum. That's why the amount is 6% of this figure for management consulting.

As I said, "Manager's Guide: Key Considerations When Procuring Professional Services" sets down guidelines to ensure all public servants are taking this matter very seriously and making sure professional services are contracted for only when absolutely necessary.

• (1640)

Mr. Majid Jowhari: Thank you, Minister.

You talked about the manager's guide. Did you set targets for managers for the upcoming year in order to drive further efficiencies and, as such, reduce our reliance on external consulting and build internal capacity? Is there a target set by the department?

The Chair: I am afraid we're out of time.

Minister, you're welcome to hang around for another 30 seconds and answer, or you can—

Hon. Anita Anand: I'll follow up with you separately.

I'd like to thank you, Mr. Chair. I appreciated the conversation, and I look forward to coming back for another one.

The Chair: Wonderful. We will excuse you.

I understand there is someone else joining the table, from the officials.

We'll suspend for about 45 seconds.

• (1640)

(Pause)

• (1640)

The Chair: We are back, colleagues.

Mrs. Block, go ahead for five minutes, please.

Mrs. Kelly Block: Thank you very much, Mr. Chair.

In his report on the supplementary estimates (B), the Parliamentary Budget Officer stated:

Spending on professional and special services continues to increase, despite recent higher lapse rates.... Inclusive of Supplementary Estimates (B), 2023-24, total proposed authorities for professional and special services are at a record \$21.6 billion. This amount will likely increase with additional spending requests in the next Supplementary Estimates.

I know we had this conversation with the minister just prior to this part of the meeting, but I'm wondering if you can advise me what directives you have received from the minister on decreasing outsourcing.

Ms. Annie Boudreau: Thank you for the question.

On the \$21.6 billion, I will start by saying that 20% of that amount is for internal services within the Government of Canada. This means that we have Justice invoicing department clients. We also have Shared Services Canada invoicing clients, as well as PSPC.

As the minister said earlier, we have 14 categories included under that category, and we have amounts.... For example, we have nurses in the north for Indigenous Services Canada providing professional services to indigenous peoples.

Mrs. Kelly Block: Thank you.

I would really like you to just answer the question I asked. What directives have you received from the minister on decreasing outsourcing?

• (1645)

Ms. Annie Boudreau: I will go back to refocusing government spending. As you heard from the minister, in the supplementary estimates (B), we have a reduction of about \$350 million. That amount will increase to \$1.5 billion next year when the minister tables the main estimates, and that amount will be ongoing, so every year you're going to see a decrease of about \$1.5 billion in professional services.

Mrs. Kelly Block: Thank you very much.

Can you tell us if the decreases will be permanent or simply lapsed funding?

Ms. Annie Boudreau: That's correct. The word "ongoing" means that the decrease will be permanent.

Mrs. Kelly Block: Thank you very much.

I'm also wondering if you can tell me whether or not any of the revelations coming from the study being undertaken by this committee into ArriveCAN have sparked changes in the contracting processes of the department.

Ms. Samantha Tattersall (Assistant Comptroller General, Acquired Services and Assets Sector, Treasury Board Secretariat): Thank you for the question.

The first thing I would say is that in the discussion on these studies, what's become clear is that the supply mechanism by which professional services are engaged is something to look at. That's something PSPC is undertaking. The officials spoke about it at this committee. We are following along with PSPC on how we review these supply arrangements.

The second thing is that we sent out a tool to all departments' internal audit functions that lays out key risks in procurement. These are internal controls that address those risks to help internal auditors in their review of these internal controls.

The third thing we've been doing is working with PSPC on enhancing our training. The first is for procurement officers, but the second is for the business owners. When we talk about procurement, there are always two parts to it, so we're looking at.... While the minister talked about how we have embedded the guide into delegated training for managers, we're looking at expanding that and talking with the Canada School of Public Service about how we can ingrain some of this training into its executive leadership courses.

Mrs. Kelly Block: Thank you very much.

Toward the end of my intervention with the minister, I noted that the Treasury Board is responsible for accountability and ethics. I also know that, ultimately, the Treasury Board is responsible for the rules that are put in place for all departments when it comes to the contracting of services, and that Public Services and Procurement provides the support in doing that.

I'm wondering if you've also had any conversations around the rules for contracting, even with regard to subcontracting or standing offers that would be in place when it comes to contracting.

The Chair: I'm afraid we are past our five minutes for this round.

Perhaps you can respond in writing to the committee regarding that specific question.

Mr. Bains, you have five minutes. Go ahead.

Mr. Parm Bains (Steveston—Richmond East, Lib.): Thank you, Mr. Chair.

Thank you to our team from the TBS for joining us today.

My first question is, could you please explain to the committee what the "refocusing government spending" initiative is? That's for whoever wants to take that question.

Ms. Annie Boudreau: Thank you for that question.

Refocusing government spending was first announced in budget 2022 and was reannounced with bigger amounts in budget 2023. The wording from the budget is to reduce discretionary spending in terms of professional services by roughly 15% and to do the same in respect of operating expenditures and transfer payments, but by roughly 3%.

If you look at the budget, you will see that there is a financial profile that will show the amount over the years. This year, as stated by the minister, the amount was \$500 million. It has been included in the supplementary estimates (B). You can also see an online annex. You will see the details by organization. We have 68 organizations.

Next year—

• (1650)

Mr. Parm Bains: There seems to be some misunderstanding by opposition members. Can you clarify how the proposals are brought forward and what the timelines are like?

Ms. Annie Boudreau: We are, as we speak, looking at all the proposals that we have received from the 80 scoped-in departments. We're doing the analysis as we speak. Again, we have until March, because when the president tables the main estimates, she will show in those estimates a reduction as per the financial profile in the budget, which is \$2,331,000,000.

Mr. Parm Bains: Okay.

We've also seen some concerns about the government spending review and the impact it will have on the armed forces. We see in the estimates approximately \$584 million for compensation and benefits for the Canadian Armed Forces. I believe I've heard it stated before that the refocused spending will not impact the CAF. Would you be able to speak to the impact of the funding within the supplementary estimates (B)?

Thank you.

Ms. Annie Boudreau: Thank you for the question.

I would start with the refocusing of government spending. The budget wording was clear that the Canadian Armed Forces would be excluded from the review. It has been excluded from the review, and also relocation and operating costs for them.

In terms of the amount they have, it's for benefits, and I will turn this over to Marie-Chantal for the benefits that are included here for the Canadian Armed Forces. Thank you.

Ms. Marie-Chantal Girard: The overall compensation that is forecast for benefits includes all the protections that we provide to our employees, including the armed forces.

If you see an upward trend on the costs, we're observing three main reasons for that. We've all observed that medical and health services costs have been increasing over the years. We also have inflation costs, as well as the population or usage—what we call “price and volume”—which is the number of claims and the number of employees who benefit from those health, dental and disability benefits.

Mr. Parm Bains: Okay.

The next question I have is on the new restorative engagement program for the federal public service that was announced last month. How do you envision that this will foster diversity and address systemic issues like discrimination and harassment in the workplace?

The Chair: You have about 20 seconds.

Ms. Marie-Chantal Girard: Thank you very much.

As part of our commitment to really foster an inclusive, harassment-free and discrimination-free workplace, we look at a number of measures and efforts. One of them is to ensure that, going forward, we do change the culture and address systemic barriers, and we don't repeat the practices and biases of the past.

The Chair: Thank you very much.

Ms. Marie-Chantal Girard: That's why the restorative—

The Chair: I'm sorry, but that is our time.

I'm going to go to Mrs. Vignola and then Mr. Johns. I'm combining their last two and a half minutes. It will be five minutes and five minutes.

Go ahead, please.

[*Translation*]

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

I'll go back to my last question, which was about funding for leadership provided during the transition to cloud technology.

First of all, is the transition underway or is it complete?

Ms. Karen Cahill (Assistant Secretary and Chief Financial Officer, Treasury Board Secretariat): The transition is indeed underway.

Mrs. Julie Vignola: Thank you.

We're talking about funds for solid leadership here. This is not done by an animal, a robot or a computer. People provide this leadership. Are we to understand that the \$2,271,300 is earmarked for a person or persons who provide leadership?

Ms. Karen Cahill: The funds are indeed earmarked for the Office of the Chief Information Officer within the Treasury Board Secretariat to enable it to assign individuals to provide leadership for the implementation of a cloud strategy. These individuals are working with Statistics Canada, the Department of Finance, the Communications Security Establishment as well as Shared Services Canada to put in place a cloud computing funding model as well as a strategy for the future of cloud computing in the federal government.

• (1655)

Mrs. Julie Vignola: So will that \$2,271,300 be used to hire people or to hire consultants or subcontractors?

Ms. Karen Cahill: It will be used to hire people.

Mrs. Julie Vignola: So these are people for the government.

Ms. Karen Cahill: The people are already there. It's money we need to offset some of these people's salaries. If I'm not mistaken, it's around 18 FTEs. A large part of that is to pay those people's salaries, not to pay for professional services.

Mrs. Julie Vignola: So we aren't talking about bonuses. This is really to pay their salaries.

Ms. Karen Cahill: That's correct.

Mrs. Julie Vignola: Thank you very much.

This brings me to the funds for managing human resources, payroll and pension issues and solutions. Again, issues and solutions are not managed by animals, robots or computers, but by people.

Is that \$8,752,278 also used to pay employees?

Ms. Karen Cahill: Some of it is used to pay employees' salaries, but some of it is used to pay for technology licenses or to hire consultants who provide very specialized services that aren't offered by anyone within the department or anywhere else in the public service right now. So it's a combination of the two.

The truth is, the majority of these funds are used to pay employees' salaries, including the fifteen or so people who work in the claims office, which reports to Treasury Board Secretariat and handles claims related to problems with the Phénix payroll system. I know this subject is of particular interest to you.

Mrs. Julie Vignola: That's true, there are still many compensation claims to be settled. My office dealt with some of those. It takes forever to get answers to our questions and, more importantly, for people to get answers to their questions about their particular issues.

I see you're just asking for funds earmarked for a Phoenix deal. Vote 1b is \$5,506,322 and Vote 10b is \$17,600,000.

First of all, how much money has been paid out thus far to compensate people?

Next, how many more people will need to be compensated because this system isn't working?

Finally, I'd like to know what stage the second-generation payroll system project has reached, the next version of Phoenix as it were, in the hope that it won't rise from the ashes and that the next system will truly be better.

Ms. Karen Cahill: The funds you see in Supplementary Estimates (B) for the Treasury Board Secretariat are being used to reimburse class action plaintiffs. We have not yet disbursed those funds to the plaintiffs, as we are awaiting a decision from the Quebec Court of Appeal. Once that decision is rendered, we can begin the restitution process.

Of course...

[*English*]

The Chair: Sorry, but that is your time, Ms. Cahill.

Mr. Johns, you are next, please, for five minutes.

Mr. Gord Johns: I'm glad we're on the subject of Phoenix. We heard on Tuesday that the cost of Phoenix has ballooned to \$3.5 billion. That's quite a jump from \$2.3 billion, and it's obviously a big jump from when the Conservatives recommended Phoenix and it was supposed to save us \$80 million a year.

The Liberals continue to carry on with this privatization scheme. What's the plan? What is the budget to fix Phoenix? Is there even a number? You're Treasury Board. How much are you allocating for and looking at in future years? Are we going to hit \$5 billion or \$10 billion? What's the plan?

• (1700)

Ms. Marie-Chantal Girard: Perhaps I can begin on the update, and if my colleagues want to, they can supplement on the financials.

As you know, the solution is currently being worked on by our colleagues at PSPC/Shared Services. The government is currently

assessing the viability of the commercial HR and pay solutions. There was a phase one on research and experimentation, and phase two is on recommendation and investment decisions. This is the phase we're in.

As of late June, they were testing solutions and they were completing that phase. Later, this initiative will provide evidence-based assessments on the robustness of these solutions to deliver on such a large population.

Mr. Gord Johns: Okay.

Has it been identified how much money is owed to workers for work that they've done and how much money has been overpaid?

Ms. Marie-Chantal Girard: These amounts fluctuate on a daily basis with the population.

Mr. Gord Johns: That's okay. We'd like to know today's amount.

Ms. Marie-Chantal Girard: We could get back to you on the amounts.

Mr. Gord Johns: That would be great.

Mr. Chair, is that okay for the committee, that they provide in writing the outstanding amount owed to employees?

Ms. Marie-Chantal Girard: And also the overpayments....

Mr. Gord Johns: We're hoping that the government can prioritize paying the outstanding—

The Chair: Let me interrupt on the date. I think it is noted in the public accounts.

Up to what point will you have that information that you can provide? What date would be covered under the information you're providing to us?

Ms. Karen Cahill: Mr. Chair, the information you have in the public accounts is up until March 31, 2023, so—

The Chair: No, if you're updating it for Mr. Johns, how far are you tabulating?

Ms. Karen Cahill: We will work with PSPC to determine the gap between what is provided in the public accounts and—

The Chair: Thanks very much.

Mr. Gord Johns: With regard to resources to get people paid who earned their wages, you work alongside them and you're one of them. I thank you for your work, and I hope that if any of you are owed money, you get paid before we start going after those who were overpaid.

I really appreciate that you're going to make recommendations to the minister through Treasury Board Secretariat on things that you can do around outsourcing.

The first question I have is on the commissions. As we learned through the ArriveCAN and GC Strategies fiasco, with the amount of commissions at 15% to 30%, GC Strategies, a two-person outfit with no staff and no office, which had about \$55 million in overall government contracts, would have netted at least \$11 million if they were around the 20% mark. This is outrageous. They then subcontracted to other outsourcing companies, and some of them have even taken commissions. One deputy minister who was here actually said there's no limit to the amount of commissions being paid.

Have you made a recommendation to the minister to put a cap on commissions?

If you could cut outsourcing by 4.2%—the PBO even agreed with me—that would cover the whole cost of extending the CEBA loan program. It would support 250,000 businesses that closed their doors to protect public health, for one more year, so that they can get through the next year with a recession and dealing with an inflation crisis.

Is that something you're going to make a recommendation on?

Ms. Samantha Tattersall: Thank you for the question.

As I was saying, most of these professional services come through supply arrangements at PSPC. PSPC has committed to reviewing those supply arrangements.

Mr. Gord Johns: That's great.

Ms. Samantha Tattersall: I've communicated with them as part of their review, and I want to tell you what I said. I said that as part of the review—

Mr. Gord Johns: I am going to run out of time.

As New Democrats, we're hoping that you're ready to put a stop to it.

Ms. Samantha Tattersall: We asked them to look at the profit margin as part of that review.

Mr. Gord Johns: We want you to put small businesses and Canadians ahead of CEOs and these big, outsourced, highly paid consulting firms.

The Chair: Thanks, Mr. Johns.

Go ahead, Mrs. Kusie, please.

Mrs. Stephanie Kusie: Thank you, Chair.

I mentioned in my opening comments to the minister my concern about the departure of the chief information officer. I thought I would follow up on some of the departmental plans, given her departure.

The Auditor General report that was tabled in October stated that although the goal is for 60% of IT systems to be healthy by 2030, at the snail's pace of progress, only 45% of systems—less than half—will be healthy at that time. There has been a 1% increase in progress each year since this target was made.

What is your plan to revitalize the government's failing digital systems, please?

• (1705)

Mr. Stephen Burt (Chief Data Officer and Assistant Deputy Minister, Policy and Performance Sector, Treasury Board Secretariat): We looked at the Auditor General's report. We agreed with all of the recommendations in there. We are working with them on what we can do to work alongside departments to make sure that we can make these changes as swiftly and efficiently as possible.

Given the size of the IT portfolio, the diversity of departments and agencies and the type of work they do, it's a fairly complicated undertaking, as I'm sure you'll understand. It requires some diligent planning and some close oversight by the team within OCIO at Treasury Board.

We have a government-wide IT modernization strategy that we're working on in response to the OAG's plan, which aligns very nicely with what we would like to do in any case, to help ensure that we have the right investments of time, expertise and funding to deliver more efficiency in those systems. We're going as fast as we can in that space and making sure that we are closely monitoring the performance of existing systems at the same time to ensure that we continue to support Canadians.

I'd also add my appreciation for the kind words on the retirement of Ms. Luelo, who has been excellent.

Mrs. Stephanie Kusie: Yes. Certainly, as I said, I was incredibly impressed with her and her testimony here.

The percentage of Government of Canada websites that provide digital services to citizens securely is currently at 69%, which is a drop from the 75% of secure services last year. Can you indicate the reason for this drop and your plan to correct this drop, please?

Mr. Stephen Burt: I would have to take a closer look at specifically what that drop is attributed to. If their services are being delivered but not being delivered securely, it would mean, to my mind, that there is no need for them to be delivered securely. The appropriate privacy and security safeguards in our systems are foremost in our minds when we put them into place to serve citizens.

I would have to take a closer look to see what the change in percentage is. It may not be a drop in the sense of not meeting the target; it may simply be that the level of security that's required has changed.

Mrs. Stephanie Kusie: Thank you.

Both the Parliamentary Budget Officer and the Auditor General have recommended that there be an overview on the centralization of financial information in the digital transformation of government. Perhaps you have knowledge as to why there's been no action on these recommendations to date.

Mr. Stephen Burt: Is that the recommendation to centralize...?

Mrs. Stephanie Kusie: There was an overview of the centralization of financial information in the digital transformation of government.

Mr. Stephen Burt: The digital transformation of government is taking place in multiple places. We have business delivery modernization out of ESDC. We have major digital modernization coming out of Immigration.

We do maintain oversight of major projects under the TBS's OCIO portfolio to make sure they are on track and continue to deliver the performance we want them to. I'm not sure, to be honest, what the specific additional adjustment would be in terms of oversight.

Mrs. Stephanie Kusie: Okay, thank you.

There was also, unfortunately, a systemic issue with a lack of reporting on information technology systems throughout Canada's government departments.

In your opinion, how is the next chief information officer meant to do their job? What would you suggest is required for the next chief information officer to do their job effectively when they're not provided with good, centralized information on the security, effectiveness and financial impacts on the modernization of IT systems? What do you think is needed for them to succeed?

Thank you.

The Chair: We are at our five-minute mark, so you'll have to get back to us in writing on that.

Mrs. Stephanie Kusie: Thank you, Mr. Chair.

The Chair: Mr. Powlowski, go ahead, please, for five minutes.

Mr. Marcus Powlowski (Thunder Bay—Rainy River, Lib.): I'm a little confused about a couple of the numbers sent to us by the Library of Parliament, in terms of expenditures. At one point it says, "The Treasury Board approved an allocation of up to \$190,000,000 to the Department of National Defence to make contributions to eligible organizations for the purpose of purchasing and donating lethal and non-lethal aid to Ukraine." At another point, it talks about requesting \$500 million.

Is that \$500 million not yet approved? When are we expecting to get that approved? Am I right? Are there two amounts—\$190 million spent and \$500 million being requested?

• (1710)

Ms. Annie Boudreau: Thank you for your question.

I will start with the \$190 million.

Allocations from Treasury Board vote 5 are used to supplement other appropriations or grant authorities to address what we call urgent, unforeseen and unavoidable cash requirements of organizations. The \$190 million reflected the best estimate of DND's potential cash requirements in advance of receiving additional supply through supplementary estimates (B). The amount is based on a cash flow analysis prepared by DND and reviewed by the Treasury Board Secretariat.

Using money from vote 5 is normal practice. Allocations from Treasury Board vote 5 are repaid by departments when they receive additional supply.

In this case, the Department of National Defence is seeking \$500 million through supplementary estimates (B), but it only required

up to \$190 million through vote 5 in advance of additional supply from supplementary estimates (B). Any allocations from Treasury Board vote 5 will be repaid when supplementary estimates (B) receive royal assent.

Mr. Marcus Powlowski: That means they are requesting \$310 million in addition to that \$190 million. Okay.

When will approval be given for that? Is it yet to be determined? Who makes that decision? Is it the minister who makes the decision?

Ms. Annie Boudreau: It is in the supplementary estimates (B) you have in front of you. When they are approved by the House and the Senate and receive royal assent, the money will be given to the department.

Mr. Marcus Powlowski: Okay. That's great.

It says that the \$190 million approved for "donating lethal and non-lethal aid" is for the Department of National Defence. Non-lethal aid includes any kind of aid that doesn't kill anybody, which could presumably include non-military stuff. However, I assume that whole amount is for military assistance. Am I right?

Ms. Annie Boudreau: I will need to follow up on this. I don't have the answer, but we'll come back to you in writing.

Mr. Marcus Powlowski: Okay.

You said that money comes from vote 5. Is that what you call it? Does this mean it's not coming out of either the defence budget or the development budget?

Ms. Annie Boudreau: Vote 5 is for emergencies. That means the department doesn't have the cash at hand in order to pay for it. Once they receive supply—after it receives royal assent—they will have money. It's like a line of credit. We're giving them money and, once the supply has been approved and gets royal assent, that money will be repaid to Treasury Board vote 5. You will see an increase.

Treasury Board vote 5 is \$750 million. It has been the same amount for the last 20 years or so.

Mr. Marcus Powlowski: Okay.

Now, will the additional \$500 million, which will partly go to pay back this money, otherwise go to defence or international development, or is that totally separate money?

Ms. Annie Boudreau: It's totally separate money.

Mr. Marcus Powlowski: Okay.

Now, I don't know if you can answer this—

The Chair: I'm sorry. That is our time, sir.

We're going to go to Mr. Brock for five minutes, and then finish with Mr. Sousa for five minutes. Then we have to get to voting on the supplementaries.

Mr. Brock, go ahead.

Mr. Larry Brock: Thank you, Mr. Chair.

My questions, folks, can be answered by anybody, no one in particular. I had to rush my questions with the minister, unfortunately—I only had two minutes to do that—so I am going to slow down just a little bit.

The Prime Minister is on record—after it was revealed publicly that the ArriveCAN app, in total, cost close to \$54 million, notwithstanding his previous announcements that it was half the cost—saying that the contracting patterns relating to ArriveCAN warrant a policy review. He said, “Obviously, this is a practice that seems highly illogical and inefficient”.

My questions are in relation to GC Strategies. Everyone here, I'm sure, is familiar with GC Strategies. The news regarding GC Strategies literally comes out every week. The president of GC Strategies attended at committee on a couple of occasions and freely admitted to criminality in terms of deliberately altering, without permission and consent and not once but up to six times, data on the résumés of the two individuals who operate Botler and submitting that to the government just so that they would be approved for funding. That attracts criminal law consideration. That attracts fraud. That attracts forgery. The people from Botler alleged a number of other criminal acts that they could be involved in.

As a result of that, some 10 months after the complaint was submitted to the president of the CBSA—I believe her name is Ms. O'Gorman—she ultimately suspended all contractual work, not only with GC Strategies but also with the other two partners, Dalian and Coradix. Then the committee found out that, notwithstanding that suspension, GC Strategies is still eligible to bid on government contracts.

Obviously, there has to be some general policy that the Government of Canada adheres to—or that, at least, the Treasury Board adheres to—that flags certain companies that are bidding on contracts, companies that are under criminal investigation by a police agency. Is there not something that is flagged so that this entity is no longer eligible until such time as the investigation is complete?

• (1715)

Ms. Samantha Tattersall: What you're getting at is this: What's the compliance structure in the Government of Canada?

Mr. Larry Brock: Yes.

Ms. Samantha Tattersall: That falls within the purview of PSPC.

The reason the CBSA could suspend work with those two companies is that it actually used part of its contract. It's just a general contract provision for it to suspend for 180 days. Then I understand that PSPC.... I believe they were here on Tuesday and they talked about the fact that they've now gone out to all the chief security officers across government to redo all of the security checks and have those departments look at their active contracts. It is under the in-

tegrity regime, which has an eligibility and suspension policy by which you can do something government-wide.

Because the companies are under investigation by the RCMP right now, that doesn't trigger that suspension under the—

Mr. Larry Brock: Okay. I get that. I was anticipating that.

Ms. Samantha Tattersall: Yes.

Mr. Larry Brock: My previous career was in criminal justice as a Crown attorney. I know there is presumption of innocence, and this company has that, but this is more outside of the realm of presumption of innocence. We have direct evidence from the principal, Mr. Firth, admitting to criminality.

Your department is all about accountability and ethics. With that direct evidence from Mr. Firth, doesn't that rise to a level where, out of an abundance of caution to protect taxpayer funds, this entity should be suspended, pending the completion of the investigation? I think that taxpayers would expect that at a basic level. Do you not agree?

Ms. Samantha Tattersall: I have been watching all the testimony at this committee. Because those allegations are with the RCMP for review and it's still under investigation, we have to wait until that investigation is done. I know—

Mr. Larry Brock: Mr. Firth admitted to manipulating résumés without permission and consent. That's a criminal act.

• (1720)

Ms. Samantha Tattersall: You're not going to like my answer. I apologize, but because it's still under investigation by the RCMP, we have to wait for that.

The Chair: Thank you.

We'll go to Mr. Sousa, please, for five minutes.

Mr. Charles Sousa: Thank you.

Just to follow up on that point, is the RCMP investigating the ArriveCAN contracts?

Ms. Samantha Tattersall: My answer will be prefaced by.... I'm not the business owner. I'm not the contracting authority. It's only what I've seen in testimony here.

My understanding is that they're investigating the allegations from Botler.

Mr. Charles Sousa: Right. It's relative to a separate issue altogether.

Ms. Samantha Tattersall: That's correct.

Mr. Charles Sousa: It's relative to a situation where there were no contracts with GC Strategies and there were no contracts with Botler. There were some internal disputes between them and they have some allegations. I believe the RCMP is investigating in regard to that. We also took initiatives—“we” being the government—to ensure that's also being overseen.

With regard to ArriveCAN, the RCMP actually wrote a letter reaffirming and stating that it is not investigating. There is no criminal investigation into or activity regarding ArriveCAN.

However, I believe the government is taking steps to also have it reviewed. I also believe the Auditor General is looking at value for money in regard to those contracts, of which there were a number, and a portion went to GC Strategies. They are reviewing all of that. Is that correct?

Ms. Samantha Tattersall: My understanding is that the Auditor General is reviewing ArriveCAN. The Office of the Procurement Ombudsman is reviewing ArriveCAN. I understand that the CBSA has also tasked an internal review with respect to its procurement.

Mr. Charles Sousa: We've taken some precautions as we go forward, recognizing some of those allegations that were made, after the ArriveCAN issue. Those contracts took place subsequent to the allegations being made.

With regard to the estimates, we were all keen on the government's spending review. We get that and it's important, particularly—for me, at least, because I was on the defence committee previously—with regard to the Canadian Armed Forces. In the estimates, there's approximately \$584 million for compensation and benefits for the Canadian Armed Forces. We've heard it stated before that this refocusing of the spending will not impact the CAF.

Would you be able to speak to that with regard to the impact it has on the supplementary estimates (B)? I just want to make sure that the armed forces recognize that we are continuing to support them. I know there's some misinformation.

Ms. Annie Boudreau: Maybe I will start. For the benefit you are referring to, my colleague Marie-Chantal can add on.

As we said, it is clearly indicated in budget 2023 that the Canadian Armed Forces will be excluded from the spending review. When we developed the methodology, we excluded them.

Mr. Charles Sousa: Great. That's above and beyond all the stuff we're doing in support for Ukraine and all the other initiatives we've taken—even today's announcement with regard to some of the other investments we're making in armed forces aircraft. These are all very important matters.

With respect to the review and the modernization, or trying to find efficiencies in our system, can someone elaborate on what the priorities are for the Treasury Board?

Ms. Annie Boudreau: Are you referring to the efficiencies of spending review?

Mr. Charles Sousa: That's correct.

Ms. Annie Boudreau: We are looking at elements that will remove duplication, for sure, or maybe programs that are not giving the outcomes we were expecting. As I was saying at the beginning, we have received a lot of proposals from the departments that have been included in the review, and we are doing our analysis as we speak.

The goal is.... Obviously, we are post-COVID. We have learned from that. We are doing more telework. We can learn and continue to learn, and we can find efficiencies. It is part of the review.

Mr. Charles Sousa: In the implementation of that review, how are you seeing its enablement?

Ms. Annie Boudreau: The implementation will follow what was included in budget 2023. The first charge was the \$500 million that

we have seen in supplementary estimates (B). The second charge will be included in the main estimates when the President of the Treasury Board tables them on or before March 1.

The amount that you will see there is about \$2,331,000,000. It is split into two categories. You will see a \$1.5-billion reduction in professional services, and a \$150-million reduction in travel. The rest of the reductions will be in operating budgets, as well as grants and contributions.

• (1725)

Mr. Charles Sousa: Thank you.

The Chair: Officials, thanks very much for being with us.

Before you leave, I have a couple of quick points. The committee passed a motion requiring any request for information, as asked by Mr. Johns, to be returned within three weeks from today.

I have a very quick question, if you could get back to us. The \$500 million has been brought up a lot. Can you provide to the committee how much of that is lapsed money from previously approved supplementary estimates processes? How much of it is just lapsing, and how much is actual reductions? On the items or programs for which money was appropriated in the past and is now lapsing and being claimed as a reduction, can you provide information on what programs or items are included there?

We will let you go. Thanks for being with us.

We're going to vote on the supplementary estimates now.

CANADIAN INTERGOVERNMENTAL CONFERENCE SECRETARIAT

Vote 1b—Program expenditures.....\$1,428,839

(Vote 1b agreed to on division)

CANADIAN TRANSPORTATION ACCIDENT INVESTIGATION AND SAFETY BOARD

Vote 1b—Program expenditures.....\$3,748,724

(Vote 1b agreed to on division)

DEPARTMENT OF PUBLIC WORKS AND GOVERNMENT SERVICES

Vote 1b—Operating expenditures.....\$63,293,770

Vote 5b—Capital expenditures.....\$175,073,435

Vote 10b—Optional Services Revolving Fund.....\$1

(Votes 1b, 5b and 10b agreed to on division)

PRIVY COUNCIL OFFICE

Vote 1b—Program expenditures.....\$535,653

(Vote 1b agreed to on division)

SHARED SERVICES CANADA

Vote 1b—Operating expenditures.....\$48,527,737

Vote 5b—Capital expenditures.....\$5,992,000

(Votes 1b and 5b agreed to on division)

TREASURY BOARD SECRETARIAT

Vote 1b—Program expenditures.....\$35,069,981

Vote 10b—Government-wide Initiatives.....\$17,600,000

Vote 15b—Compensation Adjustments.....\$2,090,072,958

Vote 20b—Public Service Insurance.....\$359,344,340

(Votes 1b, 10b, 15b and 20b agreed to on division)

The Chair: Shall I report the votes on the supplementary estimates to the House?

Some hon. members: Agreed.

The Chair: Wonderful.

If there's nothing else, colleagues, thank you very much.

The meeting is adjourned.

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