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• (1540)

[English]

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

Welcome to meeting number 35 of the House of Commons Standing Committee on Government Operations and Estimates.

The committee is meeting today at 3:41 Ottawa time.

We will hear from the Auditor General, officials from Public Services and Procurement Canada and the Public Health Agency of Canada as part of the committee's study on the government's response to the COVID-19 pandemic.

I'd like to take this opportunity to remind all participants at this meeting that taking screenshots or photos of your screen is not permitted.

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

Interpretation in this video conference will work very much like a regular committee meeting. You have the choice at the bottom of your screen of floor, English or French.

When you wish to speak, please wait until I recognize you by name. When you are ready to speak, you can click on the microphone icon to activate your mike. When you are not speaking, your mike should be on mute.

To raise a point of order during the meeting, committee members should ensure their microphone is unmuted and say "point of order" to get the chair's attention.

The clerk and the analysts are participating virtually in the meeting today. If you need to speak with them during the meeting, please email them at the committee email address. The clerk can also be reached on his mobile phone.

For those people who are participating in the committee room, please note that masks are required for all staff at all times. MPs may remove their masks only when they are seated.

I will now invite the Auditor General to make her opening statement.

Ms. Hogan.

[Translation]

Ms. Karen Hogan (Auditor General of Canada, Office of the Auditor General): Mr. Chair, thank you for this opportunity to discuss our audit report on securing personal protective equipment and

medical devices during the COVID-19 pandemic. The report was tabled in the House of Commons on May 26. I am accompanied by Jean Goulet, who was the principal responsible for the audit, and Milan Duvnjak, who was the director for the audit.

[English]

The audit focused on whether the Public Health Agency of Canada and Health Canada, before and during the COVID-19 pandemic, helped to meet the needs of provincial and territorial governments for selected personal protective equipment such as N95 masks and medical gowns, and medical devices such as testing swabs and ventilators. The audit also focused on whether Public Services and Procurement Canada provided adequate procurement support to the Public Health Agency of Canada.

The audit showed that there were issues in planning and stockpile management before the pandemic. For example, we found that the Public Health Agency of Canada had not addressed long-standing and known issues with the systems and practices used to manage and operate the national emergency strategic stockpile.

The agency knew of these issues because they had been raised in audits and reviews going back more than a decade. As a result, the Public Health Agency of Canada was not as prepared as it should have been to deal with the surge in requests for equipment from the provinces and territories triggered by the COVID-19 pandemic. For example, from February to August 2020, the agency could deliver only 4% of the N95 masks and only 12% of medical gowns requested by the provinces and territories.

The audit also showed agility and responsiveness. Overall, the Public Health Agency of Canada, Health Canada and Public Services and Procurement Canada helped address the needs of provincial and territorial governments for personal protective equipment and medical devices. Faced with a crisis, these organizations worked around their outstanding issues with the management and oversight of the emergency equipment stockpiles, and they adapted their activities.

For example, during the pandemic, the Public Health Agency of Canada improved the way it assessed needs and allocated equipment to help meet the demand from the provinces and territories for personal protective equipment and medical devices. It also outsourced much of the warehousing and logistical support needed to deal with the exceptional volume of purchased equipment.

• (1545)

[*Translation*]

Similarly, Health Canada reacted to the increased demand created by the pandemic by modifying its management of licence applications from suppliers for personal protective equipment and medical devices. Public Services and Procurement Canada also made adjustments by accepting some risks to facilitate the quick purchase of large quantities of equipment in a highly competitive market where supply was not always keeping pace with demand. If the departments had not adapted their approaches to the circumstances, it is likely that the government would not have been able to acquire the volume of equipment that was needed.

Our recent audits of the government's pandemic response continue to show that when the people who make up the federal public service are faced with a crisis, they are able to rally and focus on serving the needs of Canadians.

However, these audits also show that issues forgotten or left unaddressed have a way of coming back, typically at the worst possible time. Canada was not as well prepared to face the pandemic as it might have been had the stockpile of emergency equipment been better managed. If there is one overall lesson to learn from this pandemic, it is that government departments need to take action to resolve long-standing issues and to see the value in being better prepared for a rainy day.

We made recommendations to the audited organizations and they agreed with all of them.

Mr. Chair, this concludes my opening statement. We welcome all of your questions.

Thank you.

[*English*]

The Chair: Thank you, Ms. Hogan.

We will now start our first round of questioning.

The first six minutes go to Mr. Paul-Hus.

[*Translation*]

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

Good afternoon, Ms. Hogan.

First, I would say that we all understand that the circumstances were special at the beginning of the COVID-19 crisis and that means had to be taken to act more quickly. This does not take away the responsibility of the civil service and the government to manage public funds well.

I would like to ask you about paragraph 10.100 of your report, where it says: "We found that the value of the advance payments made in the contracts we examined [...] totalled \$618 million."

Do you agree that the \$618 million in advance payments to companies was surely exceeded?

Ms. Karen Hogan: I can only imagine that that is indeed the case, given that this \$618 million represents the payments made in advance for the contracts we audited, 39 of 85.

Mr. Pierre Paul-Hus: Surely we can estimate that the amount is closer to \$1 billion. Do you agree with me?

Ms. Karen Hogan: I couldn't make an estimate, because I don't have all the data. This is not an accounting comparison.

Mr. Pierre Paul-Hus: That's fine.

Were all the contracts you audited for personal protective equipment and medical supplies specifically related to COVID-19?

Ms. Karen Hogan: That is correct. All of the contracts that we audited included one of the items that we looked at in our audit, i.e. medical gowns, N95 masks, screening swabs and ventilators. We did not include all equipment that was purchased in our sample.

• (1550)

Mr. Pierre Paul-Hus: Fine, thank you.

You also say this in the report: "[...]Public Services and Procurement Canada took steps to recover amounts that were paid in advance when no goods were received."

In the documents you've seen, how many contracts were there where the Government of Canada had to initiate proceedings to recover its advances because the material had not been supplied?

Ms. Karen Hogan: In our sample of 39 contracts, advance payments were made in 14 cases. We found that one contract was paid in advance but the equipment hadn't yet been received. Public Services and Procurement Canada is taking action with regard to this company.

Mr. Pierre Paul-Hus: I suppose that this case concerns Tango Communication Marketing. We know that a legal process is under way. The case is public. Is this about Tango?

Ms. Karen Hogan: No, I don't think that this company is involved.

Mr. Pierre Paul-Hus: Okay. So another company is in that situation.

Ms. Karen Hogan: In the case of Tango, I believe that the equipment was received, but the quality wasn't acceptable. There will probably be an exchange or a refund.

For this contract, no equipment was received.

Mr. Pierre Paul-Hus: So the government made advance payments, but didn't receive any equipment. Do you have any idea how much the contract is worth? Is it several million dollars?

Ms. Karen Hogan: We've been asked to keep that information secret, since the process is still ongoing. However, it's indeed a few million dollars.

Mr. Pierre Paul-Hus: Okay, thank you.

The report refers to the emergency delegation of authority. You said the following in paragraph 10.98:

We found that the department could not always demonstrate that its officials properly followed the new emergency delegation of authority. In 41% of the original contracts examined (16 out of 39), the documentation did not show whether approval was given at the appropriate level of authority.

As mentioned, you looked at the results of the contracts where advance payments were made. However, did they meet the Treasury Board standards? We can see that, when advance payments were made, the audits weren't always done properly. What are the results?

Ms. Karen Hogan: We conducted audits for the 14 contracts where advance payments were made. We looked at whether certain audits were done.

Several audits can be conducted when it comes to procurement. Not all these audits were done for procurement contracts during the pandemic. For example, a company's financial integrity or financial capability should have been assessed, as required by the procurement policies. However, we found that this analysis was done in only 50% of cases, or for seven contracts.

That's why we recommended that this assessment always be done, even in the event of a pandemic where the government decides to assume some risk in order to act more quickly.

Mr. Pierre Paul-Hus: As Auditor General, do you see the potential for corruption or major errors when approval processes aren't well documented?

Ms. Karen Hogan: Normally, the follow-up process should be well documented in cases involving delegation of authority. However, because the documentation was missing, we couldn't confirm that this happened. I want to emphasize that this should be done better. In terms of the financial capability analysis, I believe that, when an advance payment is made, an analysis should be done, even during a pandemic.

Mr. Pierre Paul-Hus: Thank you.

[English]

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

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

[Translation]

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

I want to thank the Auditor General, who always takes the time to visit us to talk about the reports. I greatly appreciate her work.

Ms. Hogan, you recommended that Public Services and Procurement Canada should always have the opportunity to check whether the financial viability of suppliers was taken into account. I know that this was done for some contracts, but not for all the ones that you audited. I assume that you're making the recommendation for that reason.

Did you notice whether the suppliers whose financial viability was assessed delivered the equipment more quickly than the suppliers whose financial viability wasn't assessed? Do you understand what I mean?

• (1555)

Ms. Karen Hogan: I think that I understand what you mean.

We audited 14 contracts where advance payments were made. For seven of those contracts, we assessed the financial viability of the supplier. However, I don't believe that we looked at the timeliness of the equipment delivery. Many things must be considered, including the time required for manufacturing and the availability of the equipment from the supplier.

That said, we assessed the speed of delivery for the various contracts. However, I don't have details regarding the seven contracts where we didn't conduct the analysis.

Mr. Francis Drouin: Okay.

I thought that you may have had those figures. You provided data in the report on the average number of days between the signing of the original contract and the first delivery by the suppliers.

I was just curious. I would have liked to know whether there was a difference. Obviously, we could learn from this. If there isn't any difference, we could make sure that the recommendation is followed.

You also spoke about the Public Health Agency of Canada's quality assurance process for the procurement of medical devices. What did you mean by that? Can you comment on this?

Ms. Karen Hogan: We looked at what the Public Health Agency of Canada did to ensure the quality of the personal protective equipment ordered. We used many suppliers, and several of them were unknown or had no previous dealings with the government.

The agency tested samples to verify the quality of the equipment before recommending that Public Services and Procurement Canada award the contract. When the supplies were received, the agency tested the equipment again to ensure that it met the requirements for medical use.

Mr. Francis Drouin: You also commented on advance payments and the fact that some suppliers couldn't state their intentions in this area.

In general, was the Government of Canada able to collect these amounts?

Were there any problems?

Ms. Karen Hogan: In terms of the contract referred to earlier with another committee member, the government is still taking action to collect the money.

Mr. Francis Drouin: I thought that you said that, in most cases, Public Services and Procurement Canada had received the money, but that there were still issues with some suppliers.

Ms. Karen Hogan: Do you want to know whether all the equipment purchased has been received since we completed our audit?

Mr. Francis Drouin: Yes.

Ms. Karen Hogan: I don't know.

I don't know whether Mr. Goulet or Mr. Duvnjak can respond.

I think that this didn't concern advance payments for supplies that weren't received. I think that we're talking about supplies in general here.

[*English*]

Mr. Milan Duvnjak (Director, Office of the Auditor General): I can—

[*Translation*]

Ms. Karen Hogan: I'll give you the floor, Mr. Duvnjak.

Mr. Milan Duvnjak: I think that Mr. Goulet is having technical issues.

[*English*]

I will try to help out.

I think the best response to that question is to refer you to the public information that PSPC has posted. When I checked a couple of days ago, it was up to date as of May 25. This will give you a broader set of information, not just the 39 specific contracts that we examined.

• (1600)

[*Translation*]

Thank you.

[*English*]

Mr. Francis Drouin: Great, thank you.

Mr. Chair, I think I have about 20 seconds left, so I'll just say thank you to the Auditor General for her work.

Thank you.

The Chair: Thank you, Mr. Drouin.

We will now go to Ms. Vignola for six minutes.

[*Translation*]

Mrs. Julie Vignola (Beauport—Limoilou, BQ): Ms. Hogan, thank you for joining us. It's always a pleasure to see you and your staff.

The COVID-19 pandemic is an “unforeseen”—I'm using quotation marks—situation, despite 17 years of warnings from scientists.

How should the federal government now determine the level of acceptable risk in contracts for personal protective equipment and medical devices when it doesn't perform financial due diligence?

Should it determine a level of acceptable risk? If so, how should it do so?

Ms. Karen Hogan: At this time, the procurement contract policy requires a financial viability audit when advance payments are made.

That's why we expected this audit to be done, even during the pandemic, given the high risk involved in advance payments.

Payments usually aren't made in advance, which is why this takes place. However, this isn't the case in all other procurement processes.

Mrs. Julie Vignola: Normally, the officials conduct an audit. However, in this case, they didn't do so because of an emergency beyond their control.

If another situation of this type were to occur, meaning an emergency beyond their control, and if it were necessary to start making advance payments again without having time to conduct an audit, what should be accepted as a minimal risk?

Ms. Karen Hogan: The government shouldn't accept this risk when dealing with suppliers that it hasn't previously worked with.

It should be noted that all steps of the procurement process are there to reduce risk, but the steps won't completely eliminate risk. Even if an assessment is done, there may still be an issue with the contract. However, an assessment increases the chances that there won't be any issues. That's why an assessment should be done.

Mrs. Julie Vignola: I just want to confirm that I understood both what the report said and what you said earlier.

Of the contracts that you have audited to date, some of which weren't financially audited, only one is really an issue. Is that right?

Ms. Karen Hogan: Yes, that's right.

There were 14 contracts involving advance payments. Seven of these 14 contracts were assessed. Personal protective equipment wasn't received in only one case.

Mrs. Julie Vignola: Okay.

Were samples required from all suppliers that received an advance payment in order to verify the quality of their products beforehand?

Ms. Karen Hogan: I think the Public Health Agency required all suppliers to send in samples, so that the agency could assess the products' quality. This did not apply only to suppliers having received an advance payment.

Mrs. Julie Vignola: PSPC indicated that its employees have been presented with challenges during the pandemic.

Are you satisfied with PSPC's response to your recommendation on advance payments?

If so, why?

If not, where can improvements be made?

Ms. Karen Hogan: PSPC clearly said it agreed with our recommendations, but I would have rather that it said it was in agreement and that it do all the financial viability assessments going forward.

PSPC said it needed to find a balance between quickness and assessments, as a number of assessments need to be carried out. In the case of contracts involving advance payments, I think the supplier's financial viability should have at least been assessed.

• (1605)

Mrs. Julie Vignola: I will go back to FTI Professional Grade and Baylis Medical. I think we have ordered enough respirators to supply the entire planet for 10 years. We have received 21,000 respirators, 168 of which have been distributed in Canada and 350 of which were sent to India.

The Ordre professionnel des inhalothérapeutes du Québec representatives said a shortage of respirators was not to blame, but rather a shortage of personnel. Respiratory therapists undergo pretty specialized training and programs have limited spaces, at least in Quebec.

Is the contract awarded to Baylis Medical part of the contract category involving advanced payments for which the supplier's financial viability has not been assessed?

Ms. Karen Hogan: The contract you are referring to was not part of our sample, so I don't have any more details than what I have seen in the newspapers.

Mrs. Julie Vignola: So it remains to be seen.

Thank you.

[*English*]

The Chair: Thank you, Ms. Vignola. I gave you 10 of the 20 seconds that Mr. Drouin had left.

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

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

As always, it's a pleasure to have the Auditor General before this committee.

I often talk about how there's a bit of a blur between public accounts and OGGO. However, public accounts was fortunate to receive a response with respect to Ms. Hogan's appearance before the public accounts committee on June 1 which discussed the report we're dealing with today regarding the government's preparedness and responsiveness to COVID. In that committee, I raised some questions, as did my colleague Mr. Berthold, about the responsiveness and preparedness of the government in the months leading up to COVID. We have seen in this report—and it's often talked about—the government's response on the bulk procurement of critical and lifesaving PPE.

Through you, Mr. Chair, to Ms. Hogan, our Auditor General, in your response based on your audit period, you referenced the 56 requests for assistance to the national emergency strategic stockpile. These requests included PPE and medical devices and are within the scope of your audit. You released a table that shows the types of personal protective equipment and medical devices that the provinces and territories requested. I have access to this by way of its being posted on public accounts. I'll share it with this committee. I'll run down it.

There were close to seven million medical gowns requested but only 790 were shipped, so only about 12% were received. There

were 3,261,935 N95 masks requested but only 130,380 were shipped, which is about 4%. There were 45,000 test swabs requested by the provinces and only 20,700 were delivered, a 46% success rate. With respect to ventilators, it is listed by the Auditor General that 538 ventilators were requested by the provinces and only 96 were shipped, a success rate of about 18% on the shipping.

Is it safe to say that in its response to the provinces, the federal government shipped everything it had in the national emergency strategic stockpile to the provinces?

Ms. Karen Hogan: Thank you very much for the question.

I would like to let the member know that I also shared that letter with the chair of this committee this morning so that everyone here could get a copy of it. I felt it was relevant to our hearing today.

You're referring to the table we looked at during our audit period, so the requests received between February and August of 2020. Unfortunately, I can't tell you whether everything that was shipped was in the national emergency strategic stockpile at that time, for a few reasons. One, as I mentioned, I don't believe we can rely on the data as to what was in there. However, the stockpile was also used at times to provide equipment to federal organizations. It wasn't necessarily the entirety of what was in there.

• (1610)

Mr. Matthew Green: Based on the charts in terms of understanding what the roles and responsibilities are, through you, Mr. Chair, for the national emergency strategic stockpile, I'm to understand, and perhaps Ms. Hogan can confirm, that it is the federal government's responsibility to provide in this way. Coming out of SARS and H1N1, were we to have the ability, distributed across the country, to respond to pandemics like this based on the framework for the national emergency strategic stockpile, and is that that where our responsibility ends? Was it up to the provinces to access this?

I guess if we know that the percentages of requested units shipped were 12%, 4%, 46% and 18%, is it safe to say, based on the previous answer, that either the government was withholding critical ventilators and N95 masks or they simply didn't have them? In the Auditor General's opinion, which would be the case?

Ms. Karen Hogan: In my opinion, it was clear that the national emergency strategic stockpile was not ready to respond to a pandemic.

I do want to provide a bit of the nuance of the purpose of the stockpile. It's to deal with surge capacity. Each province and territory manages health care, which includes managing and having their own stockpile of personal protective equipment. It's when they don't have any left there and they need more that they turn to that.

Mr. Matthew Green: Respectfully, Mr. Chair, I need to reclaim my time on this.

You'll recall that this government threw out two million N95 masks in 2019 in the lead-up to this. At some point in time, it was deemed necessary to have millions of critical PPE for surge. Now we're talking about a response on the N95s, a 4% successful shipping rate out to the provinces on the eve of a global catastrophic pandemic.

This is my final question. In your opinion, would you not agree that the national emergency strategic stockpile was a catastrophic failure on the eve of COVID?

Ms. Karen Hogan: I would agree that the national emergency strategic stockpile was not ready for this pandemic. One of those long-standing issues that the Public Health Agency had not addressed was doing a needs assessment to establish that baseline threshold that should have been in the stockpile in order to be prepared for a pandemic.

I encourage you to ask the departmental officials these questions when they appear after us.

The Chair: Thank you, Ms. Hogan, and thank you, Mr. Green.

There goes the other 10 seconds of Mr. Drouin.

We'll now start the second round and we will start with Mr. McCauley for five minutes.

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

Ms. Hogan, welcome back.

You talked about surge capacity, that the strategic stockpile was designed for surge capacity. What numbers would have had to be in the stockpile to cover what you consider surge capacity?

Ms. Karen Hogan: I unfortunately don't have the knowledge or the data to be able to come up with that. That's something the federal government was supposed to do following its response and lessons learned from H1N1 and SARS.

Mr. Kelly McCauley: Right. The reason I ask that and Mr. Green actually brought it up or you started bringing it up is we heard the Minister of Health repeatedly say both in this committee and the House that it wasn't the role of the stockpile to provide for the provinces. But you're saying it was to provide for surge capacity. I'm trying to figure out what its true role was and what actual numbers they should have had.

As a follow-up question, what was the effect of their ability to handle the surge considering they closed down warehouses and threw out so much PPE? Also, we donated a fair amount to the Government of China. I'm just trying to figure out the roles each of those played in, what I think Mr. Green called a catastrophic failure, but perhaps in memory of Mr. Ferguson, we'll call it an incomprehensible failure.

• (1615)

Ms. Karen Hogan: All I can tell you is what we were able to review in documents and in talking with officials of the purpose of the national emergency strategic stockpile. It's meant to be sort of the last line of defence after provinces and territories have tried to purchase their own and have looked at their own stockpile. I believe there's even an agreement that provinces and territories can help each other out if needed, and then the national emergency strategic stockpile is there to help deal with that surge.

I think it was clear it was not ready for this pandemic.

Mr. Kelly McCauley: Do you think they're clear now on what they have to do?

I'm going to quote what the Minister of Health said in committee. She said that the stockpile "was never meant to accumulate personal protective equipment but rather other kinds of treatments for all kinds of biological events".

Here we have the health minister saying it wasn't meant to hold PPE. We have PHAC throwing out PPE and you're saying it's meant to provide surge capacity for PPE. Are you comfortable with PHAC's response to your response that they're going to get their act together?

Ms. Karen Hogan: I believe that the Public Health Agency has committed to learn and to take action, so to learn that what happened—

Mr. Kelly McCauley: Committed to learn doesn't mean they're going to get it done. Do you think they're going to get it done?

This leads into another question. The rest of the responses from the government are "We agree. We agree." Do you see metrics to their responses besides just saying, "We agree with the Auditor's assessment"?

Ms. Karen Hogan: What we saw during the pandemic was that they didn't keep going with the way they were going. Requests for assistance, which were how the provinces and territories could access the stockpile, stopped and they moved to bulk procurement.

I do think you should be asking the Public Health Agency whether or not it's going to address long-standing issues.

Mr. Kelly McCauley: Given the responses in your report, are you satisfied with what the government...? Do you have a sense of confidence in the government's response regarding how they're going to handle your recommendations?

Again, apart from PHAC saying that a year down the road, after the pandemic, it will get around to doing the study, I don't see a lot of metrics in their other responses. We've seen that unless you have metrics to measure things by, things do not get done. Are you satisfied with the responses?

Ms. Karen Hogan: We asked the Public Health Agency and the other departments to provide metrics in their responses. I trust they'll do that in their detailed action plans. I know the public accounts committee will ask for a detailed action plan when it studies this report.

What I can tell you is that I am frustrated with the fact that the government has not been acting on known issues. I've tabled 11 reports since February and in many instances that is my finding. I'm on the eve of my first year as Auditor General, and I hope that I won't be repeating these messages for the next nine years of my mandate. They should take action.

Mr. Kelly McCauley: I sincerely hope so. I know when Mr. Ferguson was presenting a report about Northern Affairs doctoring reports on graduations of indigenous people, he said it had been going on for close to a decade with no action. Hopefully, we will see some response to this. Thanks for your time.

The Chair: Thank you, Mr. McCauley.

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

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

I'd like to thank the Auditor General and all the witnesses for joining our committee meeting today, and importantly for the work that's being done to ensure that we can learn from and continually improve how we do PPE processes, particularly in the context of a global health emergency response.

In the report you note that various departments appear to have taken away some lessons learned from past projects and introduced some new and more agile procurement practices. I was hoping you could be specific on what that means in terms of actions that have actually been taken.

Ms. Karen Hogan: Thank you for your kind words. We work very hard and hope we deliver reports that provide value to the government and Canadians.

In the report on PPE, I note where we saw the government be agile and react, and I will highlight four ways for you.

One was the development of a long-term national supply and demand model, which did not exist before. It helps determine the needs across the entire country.

Then the Public Health Agency moved to bulk procurement, which was led by Public Services and Procurement Canada, to procure large volumes in very competitive markets, where supply often didn't keep up with demand, at least at the beginning of the pandemic for sure.

The third item we noticed was the outsourcing of warehousing and logistical capacity to deal with the big increase in demand, which allowed the federal government to get equipment to the provinces and territories quicker.

Finally, we saw the Public Health Agency collaborate with the provinces and territories to agree on a scarce resource allocation strategy. When purchasing could not keep up with the demand, how would the equipment received be distributed to all the provinces and territories in an equitable manner?

All of those were great, but they were very reactive. What we hope the government learns is that now we have to maintain those, build on them and not be so reactive during the next health crisis.

• (1620)

Mr. Patrick Weiler: I'll follow up on that. Obviously these are new approaches that are being taken. How do you want the implementation of some of those lessons learned to be carried forward consistently into the future? Do you see a lot of those measures as more of just an emergency response or ones you want to be done proactively?

Ms. Karen Hogan: I think a few of them are for emergency response. Being reactive is very tiring and difficult. The scarce resource allocation strategy is one that I think has a bit more of a long-term life to it, as well as the long-term supply and demand model.

What I hope the departments will do is act on the three main issues they have known for about a decade. One, they need to come up with a needs assessment of what should be in a stockpile for a

health crisis. Two, they need to deal with their data quality issues and replace the IT system that supports the national emergency strategic stockpile because it's a critical in a crisis. Finally, they need to make sure they have the resources, which includes the right budget, to deal with all of the actions they need to take to better prepare the government for the next crisis.

Mr. Patrick Weiler: Definitely, and I think the recommendation on improving digital infrastructure is one we'll hear for all aspects of not only the response to the pandemic, but also how we're going to deliver services to Canadians in an ongoing manner in a modern world.

One of the takeaways I have from the report is the assumed value added or increased resiliency of a more iterative approach to procurement. Are there demonstrated timeline improvements or is there better deliverables management when it comes to contracts agreed to and products delivered?

Ms. Karen Hogan: Do you mean based on what we saw in this report on the responsiveness? What we saw here during procurement is that Public Services and Procurement Canada accepted risks. One of them was invoking the national security exception, which means that a procurement can happen without a competitive process. That should not typically be an approach, but that's happening in a crisis. The second was making advance payments, which, as we talked about previously, is not something you should normally do in a procurement process.

I think these were unique to dealing with a situation. Traditional procurement approaches are likely the best, depending on the circumstances, going forward.

The Chair: Thank you, Ms. Hogan and Mr. Weiler.

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

[*Translation*]

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

Ms. Hogan, we just talked about the ability of the Public Health Agency of Canada, or PHAC, to quickly meet needs and the fact that, in the beginning, warehouses were used only in emergency situations and were not being used to supply the provinces and territories based on demand.

Lessons have been learned from the COVID-19 pandemic. The process related to that pandemic is drawing to its end, or at least that's what we hope. Is PHAC now better able to meet urgent needs, but especially to plan better and get better organized?

• (1625)

Ms. Karen Hogan: You are talking about Public Services and Procurement Canada's supply stream. Is that correct?

Mrs. Julie Vignola: That's correct.

Ms. Karen Hogan: You are asking me whether the department is now better prepared to deal with an emergency situation. However, you should put this question to its officials.

We rather look at the way the department reacted and changed its process to meet very important immediate needs in a highly competitive market. The department definitely should have learned some lessons from that. However, you should put the question to the department to find out how it should change the process going forward.

Mrs. Julie Vignola: As Auditor General, you are our Cerberus, our watchdog—though far be it for me to compare you to an animal.

Cassandra is another mythical character who predicted misfortune, but whom no one believed. When I read your reports and hear you talk, I sometimes feel like I detect some disappointment, as certain problems should have been resolved a long time ago.

I know that you have issued a number of recommendations. However, if you could make one recommendation to Public Services and Procurement Canada that would help us never be caught with our pants down again, and you were sure they would listen, what would that recommendation be?

Ms. Karen Hogan: I don't know whether my recommendation was only for Public Services and Procurement Canada. I think it was for the federal government as a whole. My recommendation would be to recognize the need and usefulness of investing in what we don't see.

For example, I am thinking of an IT system that supports an important program involving the stockpiling of equipment, such as masks, in the national stockpile or of resolving long-standing issues with the shortage of health care professionals in indigenous communities. Those are all invisible problems that should be resolved, and the government is aware of them.

[*English*]

The Chair: Thank you, Ms. Hogan. If you feel there's more you can add to that answer, please, by all means submit it in writing to the clerk. We would be happy to give that to members.

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

Mr. Matthew Green: Thank you.

Noting in the questions and the follow-up.... Based on the letter that has been provided, and based on the abysmal response, through you, Mr. Chair, Ms. Hogan noted that they did not analyze the distribution of equipment in each of the agency's warehouses because it had already been analyzed as part of the agency's internal audits and other reports it had commissioned.

Mr. Chair, through you, is Ms. Hogan satisfied—knowing the failure of their response in the surge capacity—based on her audit, that the internal reports of the agency and the reports it had commissioned were actually valuable and successful?

Ms. Karen Hogan: Well, I haven't looked at all of them. I have looked at a few of them. I'm satisfied that they provided valuable recommendations. I am not satisfied that action was not taken. I don't believe that I need to make recommendations for departments

to keep acting on things they already know they should act on. I believe they should act on them.

Mr. Matthew Green: Mr. Chair, the department made the decision to shutter three of the nine national emergency facilities; it stated that it could save a couple hundred thousand dollars. Now we're hearing that the government has been forced to outsource for surge capacity and warehousing.

Would Ms. Hogan care to comment on how that decision and subsequent need for surge capacity weighed in in her audit? Is it something that she noted? Is it something that she recommended for them to bring back in-house and to actually have the adequate supply on hand for surge capacity?

Ms. Karen Hogan: One of the recommendations we made is that they need to develop a comprehensive plan about the national emergency strategic stockpile, and I think that includes many things. That includes determining the thresholds of certain types of equipment that should be in place, making sure they have a system to support that so that they have good-quality data. It also would include, then, making an assessment of where equipment should be and where it should be stored, in order to have a quick and easy distribution across the country when needed. Those are all things that should be part of that comprehensive plan.

• (1630)

Mr. Matthew Green: Mr. Chair, through you, respectfully, they had that. They had nine of them, and they made the decision to shut down three and throw out millions of critical PPE on the eve of a global pandemic. Decisions were made and policies were in place. They were just.... Somebody made the decision to shutter those warehouses. I'd like to find out who it was.

The Chair: Thank you, Mr. Green. That's a great question.

Ms. Hogan, if you could send that answer to the committee in writing, it would be appreciated.

Ms. Karen Hogan: I believe he should ask the department that question. I think that's theirs to provide.

The Chair: Thank you, Ms. Hogan.

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

Ms. Rachael Harder (Lethbridge, CPC): Ms. Hogan, welcome back. It's good to have you here once again.

I have a few questions for you with regard to the procurement of personal protective equipment.

I know that hundreds of millions, billions actually, of dollars have been spent to procure equipment and supplies over the course of the pandemic, and I know that it's been done at a tremendous speed, as is acknowledged in your report. One of the other things you acknowledge is that officials didn't necessarily have the time to do thorough background checks or research because of the speed at which they were moving.

I'm wondering if you can shed light on whether or not you and your team looked at the procurement of equipment in terms of what type of labour was involved in producing the equipment. When we're bringing materials over from places like China, of course, we know there is a history of human rights atrocities. We know there is often forced labour being used in order to produce equipment or supplies.

Did you find any of this in your research?

Ms. Karen Hogan: In the contracts that we looked at, we did look at what mechanisms they put in place. Normally there are many checks and balances, as I mentioned earlier, that help reduce the risk around a procurement: ethical ones, integrity ones and financial viability; there's a risk assessment.

Not all of them were done in these instances. We were able to look at the ones that were done. We did not look at the ethical, because it was not one of the measures that was addressed in some of the contracts we reviewed.

Ms. Rachael Harder: Why was ethical done away with? That seems like an interesting category to kind of throw to the wayside. Is there any light you can shed on why that decision was made by the department?

Ms. Karen Hogan: I'm not sure. I'll ask Mr. Duvnjak if he would like to add to that, or you should ask the department when they appear next.

Milan, I don't know if you'd like to jump in.

Mr. Milan Duvnjak: I'll add that we did not focus on who actually produced the equipment. Given the nature of the exceptional circumstances and the urgency, we left that decision for the procurement folks. We focused on the process in place that we could audit. As Ms. Hogan mentioned, this is a good question for the department.

Ms. Rachael Harder: Okay, so no light can be shed as to why that category of the risk assessment seems to have been scrapped. Ethics wasn't given any regard.

Ms. Karen Hogan: We can't. I think you'd have to ask the department.

Ms. Rachael Harder: Are you able to give any insight as to why some categories were kept and some were scrapped when it came to the risk assessment that was done? Was any sort of justification provided to you as the Auditor General?

Ms. Karen Hogan: I'm sorry, but I'll have to ask one of my team members to talk to that level of detail.

I don't know if Milan or Jean want to join in.

Mr. Milan Duvnjak: We looked at the process the department had in place.

When we do audits, we look at what was supposed to be done and then follow the key parts of that process. Of course, when you're talking about a procurement process, you're talking about dozens and dozens and perhaps hundreds of checks and balances. We picked those that were key for the circumstance and that we could follow so that we could provide an audit level of assurance for the 39 contracts that we examined, which gave us a representative sample for the four types of PPE and equipment we examined.

• (1635)

Ms. Rachael Harder: Are you able to shed light on why, when that determination was made, certain categories were chosen as the priority?

Ms. Karen Hogan: Again, I believe the member should ask that question of Public Services and Procurement Canada.

Ms. Rachael Harder: Okay. That's no problem. I guess I'll go to another question that you can perhaps shed some light on.

Do you think this category should be kept within the consideration when a risk assessment is being done, regardless of the nature of it, pandemic or not?

Ms. Karen Hogan: For the categories, what is decided really does depend on the circumstances. It is a call made based on the supplier and the circumstances. I think that was, again, a judgment call the department made, and you should ask them about it.

Ms. Rachael Harder: Could you make any recommendations on how to ensure that we do not continue to procure equipment that may be from forced labour camps, let's say, such as those existing within the Uighur population in China?

Ms. Karen Hogan: I obviously think the right checks and balances need to be done to make sure that the federal government procures things in a fair way from reputable organizations and that they get value for money. In the middle of a pandemic they made certain judgment calls, and I believe you should ask them about those judgment calls.

The Chair: Thank you, Ms. Harder.

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

Mr. Steven MacKinnon (Gatineau, Lib.): Thank you very much, Mr. Chair.

Thank you to the Auditor General and her colleagues for once again being with us today.

I want to extend my recognition for the emergency work of all the procurement officials and those who have mobilized in the face of the pandemic. It's remarkable. So is the fact that the Auditor General was able to mobilize so quickly and conduct such a thorough examination on short notice. Hats off for that.

About 2.7 billion items of PPE were procured through about 400 contracts. You say you examined a representative sample of those contracts, and in your view the department gets a pretty robust and positive score. Would that be a fair characterization of your report?

Ms. Karen Hogan: Are you talking about Public Services and Procurement Canada?

Mr. Steven MacKinnon: Yes, that's correct. I should have been clearer on that.

Ms. Karen Hogan: As I said, we looked at a fraction of the contracts. We looked at 39 because we were targeting contracts that included one of the personal protective equipments that we scoped in. While the process wasn't perfect—because we had recommendations—I believe that some of the risks they took were reasonable in the context of securing personal protective equipment in a market where supply was not often keeping up with the demand. The country needed to get to the table to get personal protective equipment. In those circumstances, it was a reasonable approach.

Mr. Steven MacKinnon: I've seen a lot of Auditor General reports. I've seen some bad ones and I've seen some good ones.

In this one, you do underscore the notion of risk and that the department demonstrated some continuous improvement, even on short notice, in executing against these risks in what was a very chaotic global marketplace for this material. Is that not true?

Ms. Karen Hogan: I think we were balanced. We clearly noted that the national emergency strategic stockpile was not ready and that the Public Health Agency had not acted on issues that it had known about for decades. We then saw during the pandemic the reactive response that helped meet the needs of provinces and territories. It showed collaboration between the provinces, territories and federal departments. I think it was a balanced report.

The fact remains that action needs to be taken on those long-standing issues.

Mr. Steven MacKinnon: I believe the department has indicated that it will take those actions.

That's a question.

Ms. Karen Hogan: Yes, they have. They committed to taking actions in 2010, 2013 and now again. I do hope they do that.

• (1640)

Mr. Steven MacKinnon: Are you talking now about the stockpile?

Ms. Karen Hogan: Yes.

Mr. Steven MacKinnon: I'm referring specifically to the process of procurement.

Let's examine this notion of risk a little bit. Let's remind ourselves of the situation in March 2020, in which we had global shortages and stock outages of PPE. A lot of emergency stockpiles around the world were finding themselves in a bad way, and really only one country of origin dominated the market for this equipment.

As you went through all of these contracts, Madam Hogan, you concluded that the department acted with dispatch with the appropriate level of urgency and also, to the extent that was possible, that it balanced that risk by applying appropriate controls at various stages of the process. Is that an appropriate characterization of your report?

Ms. Karen Hogan: I believe that Public Services and Procurement Canada took reasonable risks but, as I said, not always in a good way. It wasn't perfect. There were some recommendations, for example, to ensure that financial viability be done whenever prepayments are made on a contract. Even though you need to balance speed and risk, there are some basic elements that I believe should be done.

Mr. Steven MacKinnon: Is a once-in-a-generation global pandemic the appropriate time for government to take appropriate risks?

Ms. Karen Hogan: I believe, given the marketplace, that moving to mass bulk procurement in order to help respond to the needs was very responsive, and that the risks we saw taken in the contracts we evaluated were reasonable in the circumstances, yes.

Mr. Steven MacKinnon: Once again, you did note—

The Chair: Thank you, Mr. MacKinnon.

Mr. Steven MacKinnon: Thank you, Mr. Chair.

The Chair: With that, we've come to the end of our—

Mr. Matthew Green: Mr. Chair, I have a quick point of order, sir.

The Chair: Mr. Green.

Mr. Matthew Green: Thank you. I just think it would be appropriate that our committee thank Ms. Hogan and congratulate her on one year tomorrow. I failed to do that in my haste for questioning, but I do recall being at her first committee.

Despite all of my peppering—she's probably going to be sick of me at some point—I just want to say that she's done a fantastic job, as Mr. MacKinnon has pointed out. I want to extend that good wish to her. She's done a great job.

The Chair: Thanks, Mr. Green. I will allow that point of order.

Ms. Karen Hogan: Thank you very much. I appreciate that.

The Chair: Ms. Hogan, I want to thank you for being with us again today. It is much appreciated. I know that you will step off camera now. We appreciate that.

I do want to thank you for providing us the letter early this morning in both official languages. That allowed us to get it out to the members as quickly as we received it. Thank you again for that.

With that said, I understand that we now have our other participants here.

I will now invite Public Services and Procurement Canada, if they would like, to deliver an opening statement.

[Translation]

Mr. Michael Mills (Associate Assistant Deputy Minister, Procurement, Department of Public Works and Government Services): Thank you, Mr. Chair.

Good afternoon, everyone.

My name is Michael Mills. I am an associate assistant deputy minister at Public Services and Procurement Canada, or PSPC.

I am pleased to discuss the Auditor General's report on securing personal protective equipment and medical devices during the pandemic, and specifically the role of Public Services and Procurement Canada in supporting the work of the Public Health Agency of Canada.

With me today is Alain Dorion, director general, Pandemic Response Sector.

First, we thank the Auditor General for this report and the one recommendation identified for PSPC.

In her report, the Auditor General recognized the significant work by our department to secure personal protective equipment and medical devices during a period of unprecedented global demand. The audit found that PSPC mobilized its workforce and adapted quickly to deliver on urgent procurement requirements for Canadians.

Procuring the goods and services required to combat the pandemic, particularly in the first 100 days, was an around-the-clock effort, undertaken in an extraordinary environment. PSPC took an aggressive approach to fulfil immediate, emerging and long-term medical supply needs, including buying in bulk from distributors in Canada and internationally to secure key items. This approach has allowed us to secure over 2.7 billion pieces of personal protective equipment and medical supplies to date.

• (1645)

[English]

The explosive increase in demand for medical equipment in the first few months of the pandemic drastically reduced global supply and stressed supply chains. On top of our existing supply arrangements and standing offers, PSPC leveraged emergency contracting authorities as part of its procurement strategy.

In addition, advance payments to suppliers were required to help Canada secure access to items that were ready to ship and be delivered immediately. Advance payments are normally used in exceptional circumstances only, but they became quite common during the early part of the pandemic response.

In her report, the Auditor General recognized that PSPC accepted and mitigated risks in order to procure large quantities of equipment in a very competitive market, and that without this action fewer pieces of equipment would have been available to front-line workers and vulnerable Canadians. The Auditor General also provided one recommendation to PSPC regarding financial checks of suppliers involving advance payments, which we accept.

Since the very beginning, we have worked tirelessly to acquire supplies and equipment to support Canadians and front-line health care workers as well as all Canadians. At the outset of the pandemic, PSPC established processes aimed at ensuring oversight and due diligence while balancing our needs to procure equipment as quickly as possible in a crisis. However, we recognize that procurement processes can always be improved, while we continue to prioritize the health and safety of Canadians.

Today, the situation is different. The market is more stable and domestic production of PPE has since increased. PSPC has helped establish this increase in domestic production, with contracts going

to Canadian producers whenever possible, including agreements with Quebec-based Medicom and 3M in Ontario for made-in-Canada N95 respirators.

[Translation]

The department has also returned to the use of competitive bidding processes where circumstances permit and the needs are not urgent.

PSPC has issued a number of competitive procurement processes specifically for Canadian manufacturers and for indigenous providers to supply other items such as surgical masks, face shields and gowns.

And PSPC will continue to expand the use of competitive bidding processes to secure the goods and services required to meet Canada's evolving needs in response to COVID-19.

Again, we thank the Auditor General for her report. This audit will help Canada adapt its ongoing response to this pandemic and inform our response to future emergency situations.

Thank you for your attention.

[English]

The Chair: Thank you, Mr. Mills.

Now we will go to the Public Health Agency of Canada for some opening statements.

Ms. Cindy Evans (Vice-President, Emergency Management, Public Health Agency of Canada): Good afternoon. I'd like to thank the chair and the committee members for inviting the Public Health Agency of Canada to return to speak today.

My name is Cindy Evans, and I'm the vice-president of emergency management. In this role, I'm responsible for the national emergency strategic stockpile.

As you may recall from my previous visit to this committee, the national emergency strategic stockpile, or the NESS, manages and allocates supplies that provinces and territories can request in emergencies when their own resources are insufficient, such as during infectious disease outbreaks, natural disasters and other public health events.

As the NESS modernized, it focused on stockpiling strategic medical supplies that are not typically held by provinces and territories. This includes items such as specialized vaccines and other drugs that require controlled environmental conditions.

The COVID-19 pandemic is on a scale that's not been seen in over 100 years, and it placed a great demand on the global supply of personal protective equipment, or PPE, as well as medical supplies and other supplies. In response, the Government of Canada quickly mobilized to secure and rapidly distribute supplies to the provinces and territories. This was done by launching a bulk procurement process that ultimately led to the procurement of over 2.5 billion units of PPE, medical equipment and other supplies. Through long-term contracts with third party warehousing and logistics providers, we expanded our warehousing footprint to over two million square feet to accommodate the unprecedented quantities of supplies.

Since the start of the COVID-19 pandemic, we've been able to distribute over one billion units of PPE, medical equipment and vaccine ancillary supplies to the provinces and territories to support our front-line health care workers. While significant strides have been made in the past year, the Public Health Agency of Canada acknowledges that it was not as prepared as it could have been prior to the COVID-19 pandemic. However, the dedicated and collaborative work of the agency and its federal partners to rapidly secure and distribute PPE medical devices supported the needs of the provinces and territories.

The Public Health Agency of Canada appreciates the Auditor General's recognition of the significant work that was undertaken in response to the COVID-19 pandemic. The agency accepts all of the recommendations of the Auditor General and recognizes that the performance audit identifies areas for improvement that will guide the agency to be better prepared for future health events of this magnitude. These include reviewing the management of the national emergency strategic stockpile and enforcing service level expectations for contracts with third party warehousing and logistics providers.

The agency is still in active response mode, distributing NESS assets to provinces and territories in need. We have committed to responding to the Auditor General's recommendation within one year of the end of the COVID-19 pandemic. We're working on a comprehensive management plan that will take into account lessons learned from the COVID-19 pandemic.

In conclusion, as the NESS is intended to provide surge capacity to the provinces and territories, we will continue to work closely with them to review and assess Canada's needs for key medical supplies in an emergency. We will also better define the federal, provincial and territorial roles and responsibilities in preparation for future emergencies. This includes reviewing the management of the national emergency strategic stockpile and enforcing service level expectations for contracts with third party warehousing and logistics providers.

Thank you.

● (1650)

The Chair: Thank you, Ms. Evans.

We'll now go into questions.

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

Mr. Kelly McCauley: Thanks, Mr. Chair.

Witnesses, thanks for joining us today.

Mr. Mills: I want to chat briefly about the sole-source contract to SNC for the mobile health units.

Who made the decision to order these? That did not come from Health Canada or PHAC. It came from within PSPC.

Mr. Michael Mills: Mr. Chair, I'd first like to clarify that we don't have a contract with SNC. We have a contract with the joint venture SNC-Lavalin PAE Inc. The choice to procure MHUs was made in the context of our looking globally—

Mr. Kelly McCauley: I didn't ask about the context.

Who made the decision?

Mr. Michael Mills: PSPC as a department made the decision to move forward.

Mr. Kelly McCauley: PSPC is not a human entity by itself.

Who made the decision?

Mr. Michael Mills: I'm sorry, but the decision predated me. I'd have to get back to you on which officials were involved in the specific decision.

Mr. Kelly McCauley: I appreciate it.

None of the [*Technical difficulty—Editor*] have been used of the SNC partnership, but there is money in the estimates. The supplementary estimates list \$650.9 million to store, deploy, operate and maintain the mobile health units.

Is this for the B.C. side of the two sole-source contracts, or is some of this money going to the SNC partnership?

Mr. Michael Mills: We have in total four MHUs that have been purchased, two which are currently deployed in Ontario and two that were held in reserve, one of which is an SNC-Lavalin PAE joint venture unit, and part of their contract is to maintain them and storage them to be ready to deploy.

Mr. Kelly McCauley: Okay. One is being held in reserve but the supplementary estimates are asking for \$650.9 million for the mobile health units and other uses. How much of that is going for mobile health units and how much more to the SNC partnership? If you don't know offhand, you can get back to us. That's fine.

Mr. Michael Mills: As far as I know, as of to date, both those contracts have a total value, their task-based authorizations, which could go up to \$150 million each. As of today, we're at around \$64 million that has been spent on the SNC PAE contracts and—

Mr. Kelly McCauley: For the one held in reserve....

Mr. Michael Mills: —for design—

Mr. Kelly McCauley: For the one held in reserve....

Mr. Michael Mills: —as well as equipment and supplies—

Mr. Kelly McCauley: Wow. For the one held in reserve....

Let me ask you this. In your opening statement, you said that you've returned to competitive bidding where appropriate.

Mr. Michael Mills: Yes.

Mr. Kelly McCauley: Can you give us some examples of where you haven't returned to competitive bidding? What are you still sole-sourcing or using an NSE on to purchase something where it's not appropriate to go competitive?

• (1655)

Mr. Michael Mills: Very few things.... One that I could give an example of is that in certain cases for testing, provinces and territories will have proprietary testing equipment. In those cases, there are only certain types of test kits that can be used with the proprietary test equipment, so those would have to be sole-sourced contracts.

Mr. Kelly McCauley: Okay, but very little else?

Mr. Michael Mills: Very little else, yes.

Mr. Kelly McCauley: Okay.

PHAC, thanks for joining us. I appreciate some of your comments about the NESS. I think there have been about roughly a billion pieces of PPE distributed, which leaves about a billion pieces back in the warehouses. Is that approximately correct? Is that the new par we're setting in the NESS, or do we have commitments to get x amount of that billion sent out right away?

Ms. Cindy Evans: Mr. Chair, the specific amounts in the national emergency strategic stockpile will continue to fluctuate. We have the bulk procurement that's coming in, where 80% is allocated out, as well as the replenishment of the national emergency strategic stockpile.

We're targeted to have in the order of an eight-week supply across six of the primary commodities, and that's gowns, gloves, surgical masks—

Mr. Kelly McCauley: Okay. If we have a billion in supply, how many weeks is that? If you want to have an eight-week supply, how many weeks is that one billion going to cover, approximately? Even ballpark is fine.

Ms. Cindy Evans: I'd have to get back to you with the specifics. It would differ across the different commodities.

Mr. Kelly McCauley: How far are we from actually resetting in our baseline or our par stock for the emergency stockpile?

Ms. Cindy Evans: Mr. Chair, the amounts we have in the national emergency strategic stockpile will continue to fluctuate, and we will continue to prioritize pushing out the products to the provinces—

Mr. Kelly McCauley: Okay. We don't know. When will we actually reset a total so we're not caught in the situation that we were this time? It's not always going to be in flux. We'll eventually have to set a standard of what we're actually going to carry. When will we know that?

Ms. Cindy Evans: Mr. Chair, as I've said, we've targeted to have an eight-week supply across the six primary commodities that are important in a respiratory infection situation. When we have achieved that for the majority of those commodities, with the exception of gloves, which continue to be in higher demand from the

provinces and we continue to prioritize those requests, so that's the reason there's a fluctuation....

Mr. Kelly McCauley: In your response to the Auditor General's report, you stated that a year after the pandemic ends you'll have a better plan put out. Is that a year after the WHO says the pandemic is done? Is it a year after Canada has reached a more steady state? Why does it take an entire year to put this together, a proper response to the AG's report?

Ms. Cindy Evans: Mr. Chair, as I said in my opening remarks, we continue to be in active response mode, so we will continue to prioritize our efforts to move products to the provinces—

Mr. Kelly McCauley: The question is about who's deciding when the pandemic is over. Is that our government or—

The Chair: Thank you, Mr. McCauley and Ms. Evans.

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

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

Ms. Evans, I have a question for you.

With regard to the \$7.4 billion that the federal government paid for purchasing the 2.7 billion items of PPE—it's just mind-boggling when I think about that number—how much of that is cost-shared with the provinces and the territories?

Ms. Cindy Evans: Mr. Chair, the Government of Canada has provided significant funding and resources to support the response to COVID-19. We have invested more than \$19 billion to help the provinces and territories through the safe restart agreement. This also includes \$4.5 billion to purchase PPE for national use and an additional \$3 billion to province and territories for their own PPE investments. It was federally funded.

Mr. Irek Kusmierczyk: It was totally federally funded.

• (1700)

Ms. Cindy Evans: That's correct.

Mr. Irek Kusmierczyk: Okay.

Today we talked about the 2.7 billion items of PPE that were purchased, and about 1.5 billion of those have been delivered to date. On March 24, the minister explained that Canada has a lot of PPE and space at its warehouses and that its long-term contracts afford it readiness for any eventuality.

Looking forward, as demand for PPE winds down, are there any concerns about PPE expiring before it is used?

Ms. Cindy Evans: Mr. Chair, the life-cycle management for the personal protective equipment that we purchased remains a top priority. We have continued to function on a first-in, first-out basis, so that we're sending out the oldest supplies first.

We continue to work through our provincial governance structures—the logistics advisory committee—with our provincial counterparts in terms of discussing life-cycle management and options, as well as to work with the provinces and territories for the mechanisms to best distribute equipment.

We also are looking to other opportunities for deployment and divestment, including Canada's role in supporting the global response to the pandemic.

Mr. Irek Kusmierczyk: Can you tell us a little bit more about potentially sharing that PPE globally? What might that look like?

Ms. Cindy Evans: Mr. Chair, working with our counterparts at Global Affairs Canada, we have looked at a number of areas in the world that are challenged with respect to COVID response. Where there are commodities that are in surplus of what we may require in Canada, we have been looking to work on international donations.

As was announced previously, we were in a position to donate ventilators, for example, to India, based on the dire situation they have been facing.

Mr. Irek Kusmierczyk: Are there other recent examples you have of donations that have been made or donations that are planned?

Ms. Cindy Evans: Mr. Chair, early on in the pandemic, at a federal level and, as well, our provincial and territorial counterparts, purchasing was done in a way to obtain whatever products we could get our hands on that would provide infection prevention control for our front-line health care workers. In some cases, we have supplies that may not be the key preference of the health care system. I'll give an example: a surgical mask, which is not ASTM standard or gowns that might contain latex.

We are looking for alternative settings, for example, outreach to charitable organizations in Canada, where those surgical masks that wouldn't be the choice for use in the health care system may perhaps be valuable in a homeless shelter, for example, as well as where these can support critical and challenging situations internationally.

These are products that are acceptable. It's just that they are not meeting the preferences of our target health care system users.

Mr. Irek Kusmierczyk: In short, it looks like we're going to meet whatever demand we have here domestically. We'll make sure that the PPE goes to good use, if not domestically then in the global fight against COVID. Is that correct?

Ms. Cindy Evans: Mr. Chair, yes. That would reflect the approach we're taking with respect to life-cycle management and our state of readiness.

Mr. Irek Kusmierczyk: Does the government intend to coordinate bulk orders of PPE and medical supplies on behalf of the provinces and territories after the pandemic? Why or why not?

Ms. Cindy Evans: One of the basic premises or principles underpinning emergency response is that municipalities, provinces and territories are prepared to deal with emergencies and have the supplies to do that. It certainly wouldn't be the role of the Public Health Agency of Canada to deliver health care services or have the supplies to deliver them.

This was a unique situation in which, based on the global challenges in purchasing, bulk procurement made sense. We'll continue to work with the provinces and territories going forward in terms of where the supply and demand modelling situates us. As well, there has been a stabilization in the market, and our provincial and territorial partners have found themselves much more effectively situated with their own supplies and stockpiles.

Mr. Irek Kusmierczyk: That's understood.

Thank you.

• (1705)

The Chair: Thank you, Mr. Kusmierczyk and Ms. Evans.

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

[*Translation*]

Mrs. Julie Vignola: Thank you very much.

I would like to come back to what my colleague, Mr. McCauley, discussed with you just a few moments ago.

We understand that everyone was surprised by the pandemic, despite the 15 or 20 years of warnings by scientists.

You are talking about a post-pandemic comprehensive stockpile management plan, even though we don't know when it will end. What is the status of that plan?

I hope you have started working on that plan. What exactly is the situation?

[*English*]

Ms. Cindy Evans: As I've stated, we are in active response mode right now and we'll continue to prioritize the provision of critical supplies to the provinces and territories. We will continue with incremental changes and continuous improvement in the midst of the pandemic, but we will be looking for, when we've seen things like a decrease in or removal of the emergency orders in the provinces and territories, some of the key metrics that say we are out of pandemic mode and Canada is moving more into the steady state of COVID-19. We'll then be in a better position to focus our full effort on the commitments we've made in response to the Office of the Auditor General.

[*Translation*]

Mrs. Julie Vignola: If I understand correctly, the planning has not even begun.

You are still in reactive mode. Did I understand correctly?

[*English*]

Ms. Cindy Evans: As outlined in the report of the Office of the Auditor General, a number of improvements and procedures were put in place in response to the pandemic. Building on that work and our ability to respond to the provinces and territories, we'll be taking that further to work on a longer-term strategic plan for the national emergency strategic supply. That will include key areas such as optimizing our operations and logistics and life-cycle management.

[*Translation*]

Mrs. Julie Vignola: Thank you.

PHAC awarded Metro Logistics a contract for warehousing services worth \$108 million. The contract start and end dates were respectively October 5, 2020, and July 31, 2022, as warehousing services were outdated, among other things. We understand that.

What are the performance standards stipulated in the long-term contracts with Metro Logistics? Are there financial implications if those performance standards are not met?

[English]

Ms. Cindy Evans: I will turn to my colleague at PSPC to assist in responding to that question.

Mr. Michael Mills: I don't have the specific details on what the performance measures are for that contract, but we'd be happy to return and provide them. I can assure you that with all of our contracts, we ensure that our contractors respect the terms of their contracts, honour their requirements and meet the requirements of the contracts.

[Translation]

Mrs. Julie Vignola: We don't always know what life may bring to a company or to its leaders. We hope that everything will continue to go well. However, does the contract include financial repercussions for the company should it fail to meet the contract's terms?

[English]

Mr. Michael Mills: It really depends on the specific contract and whether there are financial penalties.

[Translation]

Mrs. Julie Vignola: I am talking about Metro Logistics.

[English]

Mr. Michael Mills: Again, I'll have to get to the details of whether that one does contain financial penalties. To the best of my knowledge, I don't believe it has specific financial penalties if they don't meet the terms. Certainly, if a contractor was not meeting the terms, we would have termination clauses that would allow us to terminate the contract for default in certain cases.

• (1710)

[Translation]

Mrs. Julie Vignola: Okay.

How many bids were received through that competitive process before the contract was awarded to Metro Logistics?

[English]

Mr. Michael Mills: Mr. Chair, again, I would have to get back to you on how many submissions we received in that competition.

[Translation]

Mrs. Julie Vignola: According to the Office of the Auditor General's report, in April 2020, some new risks were identified, including less oversight, which could lead to errors or to poorly researched procurement decisions.

The Auditor General found that no mitigation strategy had been developed to counter those risks. As a result, although the department has managed to accelerate the procurement process, it has not always been able to show that it had provided the required oversight.

Since the audit, has PSPC thought about developing a mitigation strategy to manage the increased risks associated with procurement related to COVID-19?

[English]

Mr. Michael Mills: I will actually turn to Alain Dorion, who is our director general within the pandemic response sector, to give you a bit of what we're doing to attenuate the risk.

The Chair: Thank you, Mr. Mills.

Unfortunately, due to time constraints, we're out of time.

If Mr. Dorion could provide a response in writing, it would be greatly appreciated.

[Translation]

Mr. Alain Dorion (Director General, Pandemic Response Sector, Department of Public Works and Government Services): It will be my pleasure to do that.

The Chair: Thank you very much.

[English]

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

Mr. Matthew Green: Mr. Chair, I'm going to ask a series of questions through you to Ms. Evans, and I'm going to ask that the questions be answered in a way that allows me to get on to the next question. If I intervene, it's because I have received the answer that I'm looking for, not because it is personal.

Through you, Mr. Chair, to Ms. Evans, how long have you been the vice-president of the emergency management branch?

Ms. Cindy Evans: I've been the vice-president since the middle of January 2020.

Mr. Matthew Green: Through you, Mr. Chair, how long has Ms. Evans been in the department in the senior roles?

Ms. Cindy Evans: I joined the Public Health Agency in 2015.

Mr. Matthew Green: Through you, Mr. Chair, who is the president of the emergency management branch, or is it just VPs?

Ms. Cindy Evans: Our president is the president of the Public Health Agency.

Mr. Matthew Green: Who would that be?

Ms. Cindy Evans: Our president is Mr. Iain Stewart.

Mr. Matthew Green: Mr. Iain Stewart.

Mr. Chair, I'm wondering if at any time from 2015 and onwards Ms. Evans would have been aware of the calls from her department asking for increased funding from the \$3-million annual budget that had been earmarked from the years 2012-13 to the present?

Ms. Cindy Evans: I'm unable to answer the question as it has been asked.

Mr. Matthew Green: Mr. Chair, through you, Ms. Evans, were you aware in your department in your senior roles from 2015 that your department had repeatedly requested additional funding above and beyond the \$3 million a year that was set back in 2012?

Ms. Cindy Evans: I am able to speak to, certainly, the repeated allocation of funding to the NESS program for specific asks.

Mr. Matthew Green: Would you have provided, at any point in time, recommendations to the minister to increase funding?

Ms. Cindy Evans: Mr. Chair, certainly we would have been part of the recommendations which looked at specific requests that would be required. I couldn't speak to a specific recommendation to the Minister of Health, no.

Mr. Matthew Green: We've heard time and time again about modernization, service standards and commodities. It's almost as though this department didn't have any benchmarks to work from.

I would like Ms. Evans to comment on the report that was in fact authored by our own chief public health officer, Theresa Tam, back in 2006, entitled "Canada's Pandemic Influenza Plan for the Health Sector", and in it the requirement to have 16 weeks of stockpile, which would have been good enough for two waves.

Through you, Mr. Chair, would Ms. Evans have been involved in any decisions to deviate from those benchmarks, those national standards, in the lead-up in 2019, when the decision was made to shutter three of the nine national emergency strategic stockpiles, including one location in Regina that threw away two-million N95 masks?

• (1715)

Ms. Cindy Evans: Mr. Chair, certainly in my capacity at the Public Health Agency at that time, for those periods, I wouldn't be able to speak to the question that is being posed.

Mr. Matthew Green: Through you, Mr. Chair, what was Ms. Evans' role prior to being named VP?

Ms. Cindy Evans: Mr. Chair, I've held two positions within the Public Health Agency: first as the director general for the centre for biosecurity within the health security infrastructure branch; and second, later, as the director general for the centre for emergency preparedness and response.

Prior to moving—

Mr. Matthew Green: As the director general, would you not have been apprised of Canada's pandemic influenza plan as written and co-authored by our chief public health officer, Dr. Theresa Tam? Would you have never come across that document and known about the 16-week stockpile benchmark within it?

Ms. Cindy Evans: Mr. Chair, I believe the document which MP Green is referring to is the 2006 pandemic plan, in which the 16 weeks for the entire system would include our provincial and territorial partners in terms of their level of pandemic readiness. The subsequent revision to that document, in 2011, did not have a specific stockpile target with respect to pandemic preparedness but rather was based on risk assessment.

Mr. Matthew Green: I'll ask this last question through you, Mr. Chair.

Based on everything that is known now, understanding that we were only able to deliver 4% of N95 masks to the provinces of the 56 requests, 12% on the gowns and 18% on the ventilators, would Ms. Evans not agree that the national emergency strategic stockpile, under her leadership and her predecessor's leadership, was a catastrophic failure in the lead-up to this pandemic?

Ms. Cindy Evans: Mr. Chair, I would like to clarify that each of the requests for assistance that are received are assessed to determine context, and also the need to determine how we distribute scarcity of supply. There were requests for assistance that were based on longer-term stockpiling, which would not have been addressed at the front end and would have been distributed across a time frame.

I would also like to add that those statistics that are being quoted would not include items that were distributed through the bulk procurement, where 80% of the product, in significant quantities, was moved to the provinces and territories. They're somewhat limited in terms of their reflection of the context—

Mr. Matthew Green: Bulk procurement happened only after these requests were made.

The Chair: Thank you, Mr. Green.

We've finished our first round.

We will now go to the second round, starting with Mr. Paul-Hus for five minutes.

[Translation]

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

Ms. Evans, the Office of the Auditor General's report is quite direct and clear. The agency was egregious in its degree of non-compliance, as problems had been pointed out in 2010 and, in 2013, it was noted that they had still not been resolved. We talk a lot about money here; we talk about money all the time. But I think a problem that goes beyond money is at play. There is a problem in terms of competence.

Was the agency shaken up by the report? Findings were made, so will the agency take charge of those problems going forward?

[English]

Ms. Cindy Evans: Mr. Chair, we thank the Office of the Auditor General for their report, and we've acknowledged that the agency was not as prepared as it could have been.

We will be working forward, in response to the performance audit, to have a longer-term strategic plan for the national emergency strategic stockpile. It will be focusing on areas that include life-cycle management—

[Translation]

Mr. Pierre Paul-Hus: Ms. Evans, I understand your answer, but it is one that is polite and properly framed. I just want to know whether your agency has acknowledged the findings and whether it has started to respond accordingly.

In any event, I will move on to my next question, as I don't have much time.

Mr. Mills, the report from the Office of the Auditor General mentioned advance payments totalling \$618 million, an amount that was determined through audits of companies. I would like the committee to receive, within a week, a list of all the companies that benefited from advance payment contracts, including the amounts.

Can you send that list to our committee?

• (1720)

[*English*]

Mr. Michael Mills: Mr. Chair, I'll take it back to see if we can provide the list of all those that have received advance payments. It's something we could follow up with.

[*Translation*]

Mr. Pierre Paul-Hus: When you say you will get back to us on this, should we understand that you will provide us with the list?

[*English*]

Mr. Michael Mills: Yes, we will compile a list of those that have received advance payments.

[*Translation*]

Mr. Pierre Paul-Hus: I would like you to specify the company names and the amounts.

Thank you, Mr. Mills.

Mr. Chair, as all the members know, I put forward a motion within the time frame prescribed by the committee. I would like to move the following motion:

That, in the context of its study of the government's response to the COVID-19 Pandemic and pursuant to Standing Order 108(1)(a), the committee send for the following documents to be provided by the government: all briefing notes, memorandums for information, memorandums for decision, and documents related to the final contracts (including: letters of intent, requests for proposals, departmental justifications for non-competitive bid processes, contract numbers and solicitation numbers and final contracts) signed on behalf of the government with suppliers of personal protective equipment, testing equipment and vaccines between Friday, May 15, 2020 and Monday, May 31, 2021;

that the documents be submitted electronically to the clerk of the committee in both official languages no later than noon ET on Friday, August 13, 2021;

that the documents be published publicly on the committee's website by Wednesday, August 18, 2021; and that departments tasked with gathering and releasing the following documents do their assessment and vetting as would be done through the access to information process.

Thank you, Mr. Chair.

[*English*]

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

The motion is on the table. Is there any debate?

Mr. MacKinnon, I see that your hand is up.

[*Translation*]

Mr. Steven MacKinnon: Thank you, Mr. Chair.

I thank Mr. Mills, Ms. Evans and Mr. Dorion for their testimony. I suspect they are done for the day.

Concerning the issue raised by my colleague Mr. Paul-Hus, we have seen, since the beginning of this pandemic, the amazing contributions of public servants, the Public Health Agency's employees, and of their counterparts from the provinces, territories and first nations communities. Procurement officers have also worked day and night—and I have seen this—with suppliers from around the world.

I will not go over the Auditor General's entire testimony, but I think she just confirmed that the grade she gives to Public Services and Procurement Canada's employees concerning the supply of personal protective equipment is not just a passing grade. She takes her hat off to them for the balance they have been able to strike by providing personal protection equipment to Canadians, through the Public Health Agency and health professionals.

Let's summarize the facts, Mr. Chair. We have seen the Government of Canada acquire 2.7 billion pieces of personal protective equipment and redistribute them throughout the health care system. We called on Canadian industry, which has demonstrated its ingenuity. We have seen distilleries and breweries temporarily transform their factories to manufacture disinfectants or alcohol-based products, as well as companies such as 3M Canada and Medicom literally develop new ways to manufacture personal protective equipment, such as N95 masks.

• (1725)

[*English*]

Mr. Kelly McCauley: I'm sorry, Mr. Chair, but do you mind if I interrupt Mr. MacKinnon? I apologize.

In light of not using up our witnesses' time, I'm wondering if perhaps Mr. MacKinnon and Mr. Drouin could share with us if they intend to filibuster the motion to stop it. If so, perhaps we could move to adjourn the debate and allow the witnesses and everyone else to proceed with their days and leave.

The Chair: Thank you, Mr. McCauley.

This being a point of order, we cannot—

Mr. Kelly McCauley: I recognize that it's not a regular point of order, but it's out of respect for everyone's time.

The Chair: I respect your comments, but the reality is that if the committee decides at some point that it would prefer to adjourn the debate on this motion to another time, that needs to be put forward by someone from the floor.

Mr. MacKinnon.

Mr. Kelly McCauley: If Mr. MacKinnon put forward that motion, I'm sure we would support it, if that's the case.

The Chair: Thank you, Mr. McCauley.

Mr. MacKinnon.

[Translation]

Mr. Steven MacKinnon: Mr. Chair, I am very happy to propose that we adjourn the debate on the motion, provided that I can participate in the debate again and be allowed to speak once the debate resumes.

[English]

The Chair: Mr. MacKinnon, just for clarification, are you moving to suspend the debate on the motion at this time?

Mr. Steven MacKinnon: That's correct.

The Chair: Do I have unanimous consent for that? Thumbs-up? (Motion agreed to)

The Chair: Thank you very much.

I will thank you, Mr. MacKinnon, and we'll continue.

I want to thank the witnesses for bearing with us as we went through this.

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

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

Once again, welcome to the witnesses.

I found the AG's testimony, as well as yours, quite informative.

Mr. Mills, in her statement, the Auditor General noted that the various departments appear to have taken away lessons learned from the past projects and have introduced agile procurement practices.

Can you specifically share with us what that means in terms of your department? What actual action has been taken by your department to be able to benefit from those lessons learned?

Mr. Michael Mills: Mr. Chair, I think that some of the things we've learned and have had to work with are how we leverage our systems, like our new electronic procurement system, which we've been able to use to our advantage to move quickly through procurements and to engage the market in a different area. This is a platform that we think will enable us to engage with industry in a different way than we did in the past.

Some of the other issues or approaches we've learned about are that we did a call to action early on and engaged industry, and it created a platform for industry to come back to us and propose different ways in which we could meet the challenge of Canadians. Some of the lessons learned there will be that earlier on in the process, rather than trying to fully define what we think is a requirement, there may be new ways to engage industry to work together to figure out what the requirements could be or how industry could better respond to the needs of government.

Those would be two ways that we would look at being able to move in a more agile and more timely fashion to meet the needs of Canadians and government departments going forward.

• (1730)

Mr. Majid Jowhari: Thank you.

It was quite interesting that you mentioned the industry.

Based on the table that was provided to us by the Library of Parliament—I'm looking at "Medical Supplies Ordered and Received by the Government of Canada"—it looks like we've ordered to the tune of 2.7 billion. This target was set to be delivered by the 31st of March 2022. As I'm looking at the percentage of what's been delivered, aside from gloves which were mentioned earlier, and probably N95s and some medical ventilators, the rest of them are almost all here and have almost all been delivered. That target, when I look at the date, puts us 10 months ahead of schedule for having these supplies received.

Can you share with us what percentage of these are from non-industry-based suppliers or manufacturers in Canada?

Mr. Michael Mills: I'm sorry. Non-industry-based.... How many are domestic?

Mr. Majid Jowhari: How many are domestic? That's a better way of saying it. Thank you for helping.

How much of it is domestic and how much of it is international?

Mr. Michael Mills: In terms of our overall response to the pandemic, including goods and services, we're at about 40%. I'd have to get you the specific percentage on those 2.7 billion items. Maybe it would be lower than that.

Mr. Majid Jowhari: Okay. Forty per cent are domestic and 60% are non-domestic. Is that correct?

Mr. Michael Mills: That's right.

Mr. Majid Jowhari: Out of the ones that have been delivered, has that been mainly non-domestic?

Mr. Michael Mills: In terms of the 2.7 billion, it would have been a combination of both. The outstanding deliveries would be, for the most part, international deliveries.

Mr. Majid Jowhari: The reason I'm asking this line of questioning is that I have the Canadian Association of PPE Manufacturers group in my riding. They have reached out to me and have said, "The government came in and asked us to build the capacity and we've built the capacity, so now is there a possibility that we could re-evaluate our international commitment?"

Some of those international commitments benefit from the subsidy from the government, and that is helping them to manufacture and putting them in a competitive position. Are we in a position to do an analysis of how many of these non-domestic contracts we have left? Is there any way that we could re-evaluate our interest in fulfilling that demand from the domestic manufacturers?

Mr. Michael Mills: There are a couple of points I'd raise on that. I would say that the three outstanding areas of delivery are gloves, N95 masks and gowns. For the gowns and the N95, the deliveries predominantly will be from domestic manufacturers. They're a small volume. A large volume of outstanding deliveries are for nitrile gloves. Unfortunately, at the current time there is no manufacturing capacity in Canada for nitrile gloves. Early in the year we launched an invitation to qualify. It was an invitation to industry to see if there was a way we could approach Canadian companies to establish nitrile glove manufacturing in Canada. We're still pursuing that process.

The Chair: Thank you, Mr. Mills.

We will go to Ms. Vignola for two and a half minutes.

[*Translation*]

Mrs. Julie Vignola: Thank you so much.

A few months before the pandemic, large quantities of equipment were thrown out. According to what you just said, we currently still need gloves and certain equipment that is manufactured in insufficient quantities or not manufactured at all here in Canada.

Once the demand in the country drops, what is the risk of the equipment that is currently stockpiled expiring? If there is such a risk, what measures is the PHAC implementing to ensure that resources will not be wasted blatantly ever again?

[*English*]

Mr. Michael Mills: For this one, Mr. Chair, maybe I would ask Alain Dorion to elaborate.

• (1735)

[*Translation*]

Mr. Alain Dorion: Thank you, Mr. Chair.

I am not trying to dodge the question, but I am under the impression that it is intended for the Public Health Agency of Canada officials.

Am I wrong, Mrs. Vignola?

Mrs. Julie Vignola: The question is indeed for the Public Health Agency of Canada officials.

[*English*]

Ms. Cindy Evans: Mr. Chair, it's an excellent question. As we go forward, we will continue to work on a number of options, on life-cycle management and the objective of not having to move to disposal, which would be the last resort. We are working collectively with other government departments, a number of whom have requirements for personal protective equipment. That's one of the avenues we would look at. As well, what are other deployment options? As discussed, what are some of the divestment options, including looking at international donation? There are also other aspects in our Canadian environment where personal protective equipment would be necessary.

We continue to work collaboratively with the provinces and territories in terms of their ongoing needs. We continue to receive requests for assistance from provinces and territories. We're working with them and, as was mentioned by the Auditor General, using the supply-demand modelling.

Thank you.

The Chair: Thank you, Ms. Vignola.

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

Mr. Matthew Green: Through you, Mr. Chair, to Ms. Evans, is it safe to say that each of the remaining six national emergency strategic stockpile facilities have within them the purview to distribute the commodities, the N95s and all of them, to the regions in which they were located?

Ms. Cindy Evans: Mr. Chair, the national emergency strategic stockpile is managed centrally. The premise that Mr. Green has put forward would not be correct, no.

Mr. Matthew Green: Would you have N95 masks in Regina, gloves in Montreal and gowns in Vancouver to be able to distribute out to the provinces, or would you have a little bit at each location?

Ms. Cindy Evans: We would manage the supplies in a manner in which they could be distributed to the provinces within an appropriate time frame. We've set a 24-hour time frame. Certainly, disclosing the location of our specific commodities would not be something the Public Health Agency would put forward.

Mr. Matthew Green: You threw away two million N95 masks out of Regina. How many other N95 masks did you throw away in the other two locations?

Ms. Cindy Evans: When the decision is taken to close a warehouse facility, all of the equipment that can be used is moved to other locations. It's moved centrally back to our central warehousing—

Mr. Matthew Green: That wasn't the question, Mr. Chair. That was not the question.

The question was this: At the other locations that were shuttered, how many other N95 masks were disposed of?

Ms. Cindy Evans: I'm not aware of a record of disposal of N95s from other warehouse locations.

Mr. Matthew Green: Mr. Mills, are you responsible for the contracting out of the disposals at Regina? Would that be a contract that would be under your purview?

Mr. Michael Mills: I'm not aware that we were under contract for that disposal.

Mr. Matthew Green: Would your department be responsible for contracting out people for instances of disposal, or is that something that Ms. Evans would have directed in her purview or that would have been in her predecessor's purview in her department?

Mr. Michael Mills: In that specific case, I would have to get you the details of what involvement, if any, there was of PSPC, but—

Mr. Matthew Green: Well, if it's the case, I would ask, through you, Mr. Chair, that both of them provide a response to see which companies were contracted for the disposal of the whatever remaining expired PPE at the other two locations. They don't even have to give us the locations, although I'm sure they could be found. I ask that they bring it back in writing within the next two weeks so that we can have the ability to review it.

Mr. Chair—

The Chair: Mr. Green, thank you for that.

If the witnesses would be able to provide an answer to his question, it would be greatly appreciated.

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

Mr. Kelly McCauley: Thanks, Mr. Chair.

Thanks, witnesses.

Mr. Mills, can you walk me through the breakdown, again, of how much we've provided to the SNC consortium, for lack of a better word, for the mobile health unit being held on reserve? Was it \$64 million? Did I hear that right?

Mr. Michael Mills: It's just under \$64 million, yes.

Mr. Kelly McCauley: What is that for? I know there are some design fees, but what else is that broken down into? The last I looked, I think.... When we looked at the main estimates, I think it was \$26 million cash that was advanced to them to purchase items. What's in that \$64 million?

• (1740)

Mr. Michael Mills: It's both design and development costs. It's also for the purchase of the equipment of a complete unit, which is a 100 bed MHU, as well as equipment and supplies to go into that. In this case, we ordered additional supplies that could be used across different units.

Mr. Kelly McCauley: Okay.

I mentioned that the supplementary estimates just came out, and there's \$659 million for added costs, etc., with regard to the purchasing of the mobile health units. Now it's not all for SNC for the mobile health units, but do you know how much of that \$659 million is for those mobile health units?

Mr. Michael Mills: I do not have the specific number of how much is provisioned for additional task authorizations.

Mr. Kelly McCauley: How much more money are we going to be spending on this SNC sole-source consortium for these unused hospitals?

Mr. Michael Mills: Again, I don't have—

Mr. Kelly McCauley: The reason I ask is that the third wave is over and 70% of adults have been vaccinated. Are we still pushing money toward this project when it's been clear from day one that it wasn't needed?

Mr. Michael Mills: Mr. Chair, the purchasing of the MHUs was certainly to have the capacity to add to provincial and territorial responses to COVID. We're not the.... The pandemic is not complete. Two are deployed, and two may be deployed.

Mr. Kelly McCauley: I recognize that, Mr. Mills, but no province has asked for it, and the military didn't ask for them. Public Health did not ask for them. The public health minister did not ask for them. Someone in PSPC on their own created a need and an urgent need, which was used to justify a \$150-million sole-source contract. It was so urgent that not one of them has been used.

I'm sorry that I'm putting you in a difficult spot, but you understand my concern. This is taxpayers' money. It seems to be an urgent need created out of thin air for something that it turns out wasn't urgently needed, and it wasn't requested by any health ministers across the country or any health officials, it appears.

We'd certainly like to get to the bottom of how much more this is going to cost taxpayers.

Mr. Michael Mills: I would note that two of the units are actually up and running and were deployed for the third wave in Ontario. The whole intent of having—

Mr. Kelly McCauley: The two from SNC or from the other company?

Mr. Michael Mills: Two were from Weatherhaven, and again, there are two different—

Mr. Kelly McCauley: Right, but I'm talking specifically about SNC-Lavalin, the consortium.

Mr. Michael Mills: To clarify, there are two different design types. It's not just a consortium. One is a free-standing external application, which is the Weatherhaven one. The other one is—

Mr. Kelly McCauley: I'm not talking about the Weatherhaven one, but specifically the money towards SNC.

Mr. Michael Mills: —SNC, which is set for an internal location. We previously had a request from one province that considered an internal application, which that would have been used for.

Mr. Kelly McCauley: Was that request from the province before or after the sole-source contract was given to SNC?

Mr. Michael Mills: The requests from provinces were after.

As we mentioned before, the department leaned forward, procured these, given the long lead times to acquire the material, and put in place MHUs as an anticipatory procurement for the needs of the provinces and territories. Again, looking around the world, many jurisdictions were setting up temporary hospitals and putting this capacity in place to respond to the pandemic.

Mr. Kelly McCauley: What do you foresee as the final cost for this? Is it too difficult to say right now?

Mr. Michael Mills: It is too difficult.

Mr. Kelly McCauley: Thanks.

I'm going to pop over to PHAC.

You're going to be developing a plan post-pandemic for the stockpile. What are the biggest challenges you're going to face in developing the plan? Is it the unpredictability of future pandemics? Is it the ongoing things, as things are changing now with the pandemic?

Ms. Cindy Evans: There are two things I'll highlight. We've had excellent information sharing with the provinces and territories on burn rates and stockpiling.

Mr. Kelly McCauley: I'm sorry, but can I interrupt for two seconds?

The Chair: Thank you, Mr. McCauley.

Thank you, Ms. Evans. If you feel you can provide us with some further information on that question, it would be appreciated.

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

This is our last round of questions.

• (1745)

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

I just want to say that I'm glad we live in a country where we've procured mobile units. Thankfully we didn't need them, but they were deployed. In Ontario the situation did get a bit out of hand, but they did manage this, and I'm glad we live in a country where we were ready. I know there are some areas of contention, but I want to thank all of the officials who work day in and day out.

Mr. Chair, I want to be respectful of the interpreters, who have been doing a good job. I know we were told that 5:45 is the end time, so I will cede my time and end it here. Thank you.

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

Likewise, the whole committee wants to thank the interpreters and the translators for the work they've done in light of the tremendous challenges and for bearing with us in this little extra time.

I would like to thank Ms. Evans, Mr. Mills and Mr. Dorion for bearing with us today and responding to our questions. As I mentioned earlier, if you can respond to some of the questions that have been asked, please submit answers to the clerk so we can disperse them amongst the committee members.

That said, I want to thank everybody. Have a good night.

The meeting is adjourned.

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