

## **RESPONSE PACKAGE**

### **PSPC responses to Questions Taken on Notice Standing Committee on Government Operations and Estimates (OGGO) Supplementary Estimates (C) 2020-21 and Departmental Results Report 2019-20 March 24, 2021**

**Question 1:** (CPC MP Rachael Harder): Request for details regarding Canada's international vaccine ranking.

**Response:** PSPC is actively working with vaccine manufacturers to successfully accelerate the delivery of vaccines to ensure that Canada meets its target of providing a vaccine to all Canadians who want one by the end of September.

As an ongoing priority, PSPC continues to work with vaccine suppliers to negotiate the early delivery of doses to Canadians. Through these efforts, Canada has surpassed its original target of getting 6 million doses to Canadians by March 31, having successfully increased that number to 9.5 million doses.

As of June 2, Canada ranked 4th out of all G20 members when it comes to the number of vaccines administered per 100 people. These numbers are based on the information available at Our World in Data website (<https://ourworldindata.org/covid-vaccinations>), which is one of the most widely used vaccine trackers available globally.

The department will continue to actively work with vaccine manufacturers and our provincial and territorial partners to provide enough vaccines to all Canadians who want one by the end of September.

**Question 2:** (BQ MP Julie Vignola): Request for a breakdown of the office accommodation costs for Public Services and Procurement Canada employees who provide pension services under the Public Service Superannuation Act, the Canadian Forces Superannuation Act and the Royal Canadian Mounted Police Superannuation Act.

**Response:** The total cost to PSPC related to accommodation for pension administration is \$9.2M for 2020-2021. PSPC provides accommodation services to employees who administer the pension funds (Public Service Superannuation Act, Canadian Forces Superannuation Act, Royal Canadian Mounted Police Superannuation Act, Canadian Forces Pension Fund and Reserve Forces Pension Fund). The funding will be used to cover accommodation costs (office space requirements) incurred for these employees. As per Treasury Board Secretariat guidelines, client departments contribute a 13% accommodation levy for accommodation costs. The levy, which is established at 13% of the approved salary resources, includes rent, standard building services and standard fit-up and excludes special purpose space.

The \$9.2 million is broken down as follows:

- PSPC's employees:
  - \$7.7M: Public Service Superannuation Act Pension Fund
  - \$0.7M: Canadian Forces Superannuation Act Pension Fund
  - \$0.5M: Royal Canadian Mounted Police Superannuation Act Pension Fund
- Department of National Defence's (DND)'s employees:
  - \$0.3M: Canadian Forces Pension Fund and Reserve Force Pension Fund

**Question 3:** (NDP MP Matthew Green): Request on whether Treasury Board policy includes provincial sales tax in its estimates for costs.

**Response:** PSPC complies with Treasury Board policies and directives and Reciprocal Taxation Agreements with provinces and territories in cost estimating, accounting for transactions and reporting as it relates to taxes. The Reciprocal Taxation Agreements the federal government has entered into with the majority of provinces and territories exempts the federal government from paying provincial sales taxes in those jurisdictions. In the context of the shipbuilding program, when calculating the cost the taxes should not have been included due to reciprocal tax arrangements with provinces.

When an authority is sought from Treasury Board to enter into a contract or contractual agreement, the Treasury Board submission must include the total value as well as all applicable taxes in compliance with the Treasury Board Contracting Policy.

#### **Information provided by DND (for additional context and background)**

As a federal department, DND generally reports financial information related to its expenditures net of tax, since taxes do not have an impact on the department's expenditures. For provincial sales taxes, the department claims an exemption in accordance with [the Summary of Reciprocal Taxation Agreements with Provinces and Territories](#), and federal sales taxes paid (e.g. Goods and Services Tax/Harmonized Sales Tax - GST&HST) are returned to the federal government through the Canada Revenue Agency (CRA). In the case of Canada's Surface Combatants (CSC) costs, DND follows the same financial reporting methodology.

In addition, the links below provide further details related to how sales taxes are taken into consideration in federal contracts.

**Guide to collecting and paying federal and provincial sales taxes (<https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=32652>)**

For the purposes of obtaining project or program approvals, the GST/HST or Quebec Sales Tax (QST) is to be included in the total costs, including where project or program approvals are sought through the Treasury Board submission process. The total estimated cost of a project or a program is to be calculated both with and without GST/HST and QST. The amounts excluding the GST/HST and QST will be charged to

the departmental appropriation. The GST will be charged to the GST Refundable Advance Account (RAA), and the QST will be charged to the QST RAA.

### **Exemption from payment of provincial sales taxes**

Generally, departments claim an exemption from the payment of provincial sales taxes (PST) on the purchase of taxable goods and services in all provinces with a PST, except Quebec. However, PST is payable when a taxable good or service is not acquired under the name of the department but rather under the name of a third party, such as under the name of an employee.

A common example of a third-party purchase where PST is payable is when an employee of a department purchases taxable goods or services in the course of employment-related travel. The taxable goods or services could include goods, meals, accommodation, taxi services and incidental travel-related expenses, as well as purchases reimbursed out of petty cash.

It should be noted that PST exemption requirements vary from province to province. When necessary, departments provide an exemption certificate or number as proof of exemption status. The exemption certificate is usually worded as follows:

This is to certify that the property and/or services ordered or purchased by (insert name of Department/Agency) is/are being purchased with Crown funds and is/are therefore not subject to sales and consumption taxes of the Province of (insert name of Province).

### **Summary of reciprocal taxation agreements with provinces and territories** (<https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=19028> )

The federal government has bilateral reciprocal taxation agreements (RTAs) with 8 provinces and 3 territories. Alberta and New Brunswick are not party to an RTA with the federal government. The federal government and New Brunswick have agreed to pay each other's taxes or fees under certain circumstances.

**Question 4:** (CPC MP McCauley): Request for contract details for Weatherhaven and SNC-Lavalin PAE mobile health units.

**Response:** Two Task Authorization contracts for up to \$150M were issued to each of the contractors (Weatherhaven Global Resources Ltd. of Coquitlam, BC and SNC-Lavalin PAE Inc. of Ottawa, ON). This type of contract establishes a maximum expenditure and requires one or more task authorizations in order to actually incur costs.

To date, Task Authorizations with an amount totalling approximately \$138.6M (including taxes) have been issued to Weatherhaven. Weatherhaven has developed designs,

organized project management offices, bought medical equipment and consumables and is now doing required maintenance to keep the equipment ready for operations, warehousing of the equipment and structures.

One Mobile Health Unit (MHU) has been deployed to Sunnybrook Hospital in Toronto and a second MHU will be deployed to Hamilton Health Sciences in Hamilton. A third is now available for deployment.

The Task Authorizations issued to SNC-Lavalin PAE to date total \$80.9M (including taxes). SNC-Lavalin PAE has developed designs, organized a project management office, and purchased medical equipment and consumables for up to five MHUs. SNC-Lavalin PAE is also doing the required maintenance to keep the equipment ready for operations, warehousing of the equipment and structures.

SNC-Lavalin PAE has one MHU solution available for deployment. Some equipment has already been transferred to the Public Health Agency of Canada for distribution to provinces.