



House Standing Committee on Finance

COVID-19 Spending and Programs Study

April 1, 2021

Transparency International Canada Opening Statement

Mister Chairman and members of the committee, thank you for inviting me to speak to you today.

My name is James Cohen and I am the Executive Director of Transparency International Canada. TI Canada is a registered charity and is the Canadian chapter of Transparency International, the world's leading anti-corruption movement.

Canadians and the world have gone through a difficult, sad, and exhausting year owing to the COVID-19 pandemic, and we are not done yet.

In order to react to the pandemic, the Federal Government has had to spend unprecedented amounts of money in a short time. These funds were needed to procure essential medical supplies and equipment, and to support Canadians experiencing economic distress.

In this time of need to fight the pandemic and support Canadians, it is also critical that transparency and accountability are preserved, and even strengthened. In this rapid movement of large amounts of money, there is not only the risk of misuse of public funds, but also the erosion of public trust. The public needs to be re-assured, with evidence, that decisions are being taken with caution and integrity and that they are executed with the same care.

To this end, I would like to address three topics today: procurement, beneficial ownership transparency, and economic recovery.

First, transparency in public procurement is fundamental to ensuring that public funds are spent for the appropriate purpose, and that goods are procured at a reasonable price, and in a fair manner. While the pandemic can allow some measures to be expedited in a procurement process, these principles must remain.

While it took considerable public pressure for the government to release some pandemic-related data, such as Canadian Emergency Wage Subsidy recipients, and vaccine distribution timetables, there is procurement spending data available namely on Public Services and Procurement Canada's website. This data is in the aggregate through. Spending in different procurement categories and recipients of contracts are available, but there is not a break down of how many contracts each party received.

While the aggregate data is a start, TI Canada implores the government to go further to make successful contracts available. This is particularly important for the roughly \$1 billion spent on Canada's vaccine contracts.



The second point I would like to raise is on beneficial ownership transparency, that is the transparency of the actual physical person who benefits from a company. We remind the Committee that Canada received negative reviews from the Financial Action Task Force 2015 mutual evaluation and is viewed by many experts and other bodies as a destination for money launderers. This makes it all the more important for the public to know who is actually benefitting from Covid procurement contracts.

TI Canada was pleased to provide commentary to the government's public consultation on establishing a public registry of beneficial ownership last spring. A public registry would help Canada fight money laundering, or 'snow washing'. We have been waiting one year for the results of those consultations. While we understand that the pandemic monopolized much of the government's attention, surely the consultation results should be released by now.

Corporate beneficial ownership transparency is just as urgent for Canada during the pandemic as it was before, perhaps even more so. Beneficial ownership disclosure should be a requirement for all government contracts, licenses, and permits, so the government knows who they are doing business with. A public registry can also help Canadians protect themselves from fraud like fake job offers and medical supplies.

This leads to my third point, economic recovery. Anti-corruption and anti-money laundering compliance, and indeed, transparency and accountability measures cannot be paused as a means to economic recovery. Here, again a public beneficial ownership registry will help, especially as designated non-financial businesses and professions, like real estate agents and money service businesses, will be required to conduct beneficial ownership due diligence as of June this year.

In the mining sector, TI Canada has observed provincial governments citing the pandemic as a reason to fast-track public consultation processes for environmental assessments in an effort to speed up economic recovery. TI Canada recently assessed EA processes related to mining in Ontario, BC, and Yukon, and our findings were that public consultations are already less than adequate. More transparency is needed, not less, especially with Canadian jurisdictions eyeing rare earths for green tech as an engine of economic recovery.

The Government of Canada has had to react quickly with unprecedented resources and powers to meet the challenge of the COVID-19 pandemic. While perfection in the response may not be reasonable to expect, transparency in decision-making, and adherence to accountability during and after the pandemic are in our view not negotiable.