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—
Chair

The Honourable Diane Marleau

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• (0905)

[English]

The Chair (Hon. Diane Marleau (Sudbury, Lib.)): I'll call the meeting to order, seeing that we have a quorum.

We have before us today Minister Fortier, the Minister of Public Works and Government Services. Mr. Fortier has been before us many times.

We thank you for making yourself available. We hope your cold has improved, because we know that last year you were absolutely unable to attend. It happens to all of us sometimes. We're pleased to have been able to accommodate you.

You know how the committee works, so I'm going to turn it over to you, Mr. Fortier, with up to 10 minutes for whatever is your desire at this point.

[Translation]

Hon. Michael Fortier (Minister of Public Works and Government Services): Thank you very much, Ms. Marleau.

[English]

Good morning, ladies and gentlemen.

I'm very happy to be here to discuss our main estimates and whatever other topics the committee would wish to discuss with respect to Public Works.

[Translation]

I am accompanied by my deputy minister, François Guimont, and two of his departmental officers, Tim McGrath, who handles real property, and Mike Hawkes, Chief Financial Officer. Behind me are other senior officers from Public Works and Government Services Canada. We are here this morning to talk about the main estimates for 2008-2009.

Public Works and Government Services Canada is a department, which you have previously directed, Ms. Marleau, which is mainly associated with supply. The purchase of goods and services for the public service is still a very important aspect of what we do.

[English]

We're also involved in real estate and we've had several discussions with your committee on real estate issues, much of it in terms of managing office buildings, as that is important, but also to discuss leases. We have over 1,800 leases to house public service employees around the country.

We're also responsible for the translation department, and that's often overlooked, but it's a very important department that resides within Public Works.

[Translation]

We are also responsible for the greening group, which is part of our department, and the purpose of which is to green the supply chain. I'm sure we'll be talking about that this morning. Lastly, I'll tell you that the Office of the Receiver General for Canada is one of the department's important functions. I'll be pleased to discuss all these matters with you.

Mr. Guimont is here with his colleagues to answer your questions, if necessary.

The Chair: Thank you, minister.

[English]

We're going to start the questioning with Mr. Holland, for seven minutes.

Mr. Mark Holland (Ajax—Pickering, Lib.): Thank you, Madam Chair.

Thank you, Minister, for appearing before the committee today. It's much appreciated.

I want to start, if I may, with the government's real property holdings. I know we've discussed this before, but there are still a few outstanding items, and some specifically flow through the estimates.

Later I may get into procurement, but I have a number of concerns with respect to procurement, and they don't exactly fall into estimates, so I don't want to start there.

The appropriation request through Parliament for capital expenditure relating to the government's real property holdings has decreased by some 14.5% for the 2008-09 fiscal year. Could you tell me why? It's a pretty substantive decrease. What's behind it?

• (0910)

Hon. Michael Fortier: The increase on the real estate side?

Mr. Mark Holland: No, there's a decrease in the appropriation request to Parliament for capital expenditures relating to the government's real property holdings.

Hon. Michael Fortier: I'll ask Mr. McGrath to answer that question.

Mr. Tim McGrath (Assistant Deputy Minister, Real Property Branch, Department of Public Works and Government Services): Madam Chair, the premise is that we receive an annual appropriation based on the amount of inventory we have. In addition, there are specific projects that we carry out.

In the situation between 2007-08 and 2008-09 for those specific projects, such as the Skyline project, you'll see a decrease of almost \$30 million, and that's a result of the Skyline project's completion. The expenditure in 2007-08 was \$60 million, and the expenditure in 2008-09 is only \$30 million as that project concludes.

It's not a matter of having less money; it's a matter of just finishing up projects. Our base amount for capital reinvestment stays the same under our national investment strategy, but in addition we have specific projects that make this total from the previous year.

So while it appears as a decrease, it's a result of those specific projects that are finishing, the largest being the Skyline project.

Mr. Mark Holland: As you undertake renovations and work to existing capital, that would be considered a capital expenditure. Is that correct?

Mr. Tim McGrath: That's correct.

Mr. Mark Holland: So my concern is that we have a lot of inventory that's deteriorating, including many historic buildings. In fact, one just to the west of us, the West Block, is deteriorating so rapidly that they have to slow down the work. So I'm looking at that decrease, and while I appreciate that some projects may be done, we have a number of extremely important projects, including projects of major historic significance, that one might argue should be taking up that difference.

Why are we seeing a decrease in that budget instead of a reallocation to these other priority projects, including heritage properties?

Hon. Michael Fortier: To reassure you on the parliamentary precinct, because you are indirectly referring to that, moneys have been allocated, and as you know, this is going to be a long-term project. It began way before I showed up. But work will get done, likely after I've departed, but work will get done and moneys have been set aside for that, Mr. Holland.

With respect to those one-offs, basically work has been completed, so I don't think you should be reading in this decrease—you shouldn't, because that's not the fact—a decision by the government to invest less money in the maintenance of its buildings.

Mr. Mark Holland: I don't want to belabour the point. I'm going to move on, but I'll just make this statement.

We have an inventory that is crying out in many cases for investment. I just used West Block as an example because it's right here, but that's a project that will finish in 2020. Yes, as you say, there probably will be a new minister. I don't know if I'm going to be here in 2020. That's a long time away. In the meantime, we have so many other projects, and I see a decrease of 14.5%. The point is, and it would be for your consideration, that there has to be money reallocated to address many of the priorities that exist, including for heritage buildings, within the government inventory.

That brings me to my next point. You've made previous statements, and I don't necessarily take objection to this, that you see a preference, perhaps, for government not to own buildings but to do leasebacks and explore other possibilities. I disagree with how it was handled under phase one and I have great concern about phase two. I'm wondering if you could explain to me your objectives and those of the government with respect to the holding of federal property and where your thinking is at right now. What's your long-term vision on the holding of federal property?

● (0915)

Hon. Michael Fortier: My thoughts on this, Mr. Holland, haven't changed that much. My focus is mostly on office buildings, not on the entire real estate portfolio, which as you know goes beyond Public Works. There are tens of thousands of buildings that we own, if you add DND and all sorts of other agencies and departments. My focus has always been only on the office buildings, and so there are 45 or 50 of them pro forma of the sale left.

I wouldn't refer to phase one or phase two, Mr. Holland. There was one sale. As I've said, we're going to digest that transaction. It only closed a few months ago, frankly. Once everybody is happy that it was the right decision in terms of our relationship with the landlord and how things are proceeding, then we'll see. But for the time being there is no phase two being planned.

Mr. Mark Holland: So have you had any discussions? Call it phase two, call it whatever you want, but have there been discussions with respect to the properties that you are considering or would be considering to sell? Would you acknowledge that there were mistakes in phase one, that there were problems? If so, what were those, and how would you be changing and addressing those concerns moving forward? I don't think that phase one was handled well.

Hon. Michael Fortier: I know you're not trying to be partisan here. I've never been quite sure what your beef was on the sale. The timing was superb. You'll tell me there was a lot of luck in this, but I pushed this as quickly as I could because I just knew the real estate markets wouldn't remain as vibrant and as dynamic as they had been for several years. It was seven buildings. We had two independent opinions. We had a lot of people dealing at arm's length, who had absolutely no link to me or the government, who said, actually, that's a good idea.

Mr. Mark Holland: We won't get into that debate, because we had it on a different day. But certainly consultation with first nations and the fact that there was a court injunction that stopped the sale of two buildings have caused me concern. They didn't cause you concern, and that causes me further concern.

Have you had meetings or discussions around the next buildings that might be contemplated for sale? What are your thoughts on that? If you haven't had those discussions, when will they be taking place? When will you be formulating a strategy on any additional properties you might be considering for similar leaseback?

Hon. Michael Fortier: I am not having any such discussions.

Mr. Mark Holland: Do you plan to? Is it something within your immediate schedule of work?

The Chair: Mr. Holland, your time is up.

Madame Bourgeois.

[Translation]

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Thank you, Madam Chair.

Good morning, gentlemen.

My first question concerns technology services and a presentation that was recently made to the Ottawa Centre for Research and Innovation. The integration of information technology services, such as the shared services initiative, was promoted and the consolidation of contracts talked about. Some information technology is also managed by PWGSC. Minister, this is a document that was presented by Mr. Steven Poole on March 5.

The grouping together of contracts or purchases means giving a single person or business all the technology services supply contracts. Have you studied the impact of this grouping on small- and medium-size enterprises wishing to do business with PWGSC?

Hon. Michael Fortier: That's an excellent question. First, I want to reassure you. It is absolutely out of the question—this is not our intention—for the government to grant all information technology service contracts to a single company.

Someone will correct me if I am wrong, but the government's information technology expenditures, across government, represent nearly \$5 billion. So you can imagine that these contracts are offered to a host of corporations possessing different expertise. There is a fragmentation of services that must be reviewed. We deal with various service providers for certain technology services for which there are reasons to question whether it is appropriate to have different types of software from one department to the next. That concerns not only me, but also the staff of the Treasury Board Secretariat. There should be better supervision of software used. It should not be concluded that there would only be one supplier.

● (0920)

Ms. Diane Bourgeois: That means that you have a plan or a document stating that you will be examining the possibility that small- and medium-size enterprises can receive information technology contracts. Are you assuring me of that?

Hon. Michael Fortier: I assure you all the more willingly since we created the Office of Small and Medium Enterprises in the summer of 2006 out of a concern to maintain favourable circumstances for small- and medium-size businesses across Canada. There is even an office in Quebec whose task or responsibility is to anticipate small and medium enterprises and to help them understand how to do business with us.

Ms. Diane Bourgeois: That leads me to a second question concerning contracts for military materiel. May I know how much money PWGSC has allocated to military materiel? We know that the Department of National Defence pays for military materiel, but PWGSC forwards the technical specifications.

Hon. Michael Fortier: Are you talking about the acquisition of military materiel as such or about the information technologies supporting the military field?

Ms. Diane Bourgeois: I'm talking about military equipment.

Hon. Michael Fortier: We're talking about military equipment.

Ms. Diane Bourgeois: Yes, absolutely.

Hon. Michael Fortier: In the past 12 months?

Ms. Diane Bourgeois: Yes, during the year just ended.

Hon. Michael Fortier: During the year just ended—

Ms. Diane Bourgeois: How many millions or billions of dollars do the contracts handled by your department represent?

Hon. Michael Fortier: We're talking about billions of dollars since, as you know, we signed the contract for the Hercules aircraft.

Ms. Diane Bourgeois: That's a lot of money, indeed.

Hon. Michael Fortier: We'll get the exact figure for you.

Ms. Diane Bourgeois: Please.

Hon. Michael Fortier: Yes.

Ms. Diane Bourgeois: I'm asking you the question simply because the Auditor General of Canada has previously talked about contracts that were let by contract award notice. That's also why I asked the question about information technologies earlier. In previous years, many contracts have been let by contract award notice. That's apparently not quite right because, in this case, it's said to prevent competition.

I wanted to know whether, under the Accountability Act, you had considered putting a mechanism in place that could reassure small and medium enterprises and the Auditor General of Canada about the contracting process.

Hon. Michael Fortier: The contract award notice process is an exceptional process. I wouldn't want you to believe that a lot of contracts are awarded that way; that's false. A few military contracts have been let by contract award notice. Fortunately, National Defence had clearly identified the type of materiel it required.

● (0925)

Ms. Diane Bourgeois: Are you talking about Boeing, for example, or anyone, in general?

Hon. Michael Fortier: We can talk about the C-17s and Hercules aircraft, since those contracts have been signed. In those two cases, National Defence had clearly identified what materiel it wanted to have, which is to taxpayers' benefit. In the past, what I've seen is that it could take years and years to try to develop a device or object that we wanted to buy. Years could go by between the time it was conceived, the time it was developed and the time it was acquired.

We determined that the armed forces needed equipment quickly. When National Defence identified the goods it needed, knowing the market, we issued a call, saying that we believed that one or two companies could produce that aircraft. However, we gave third parties a chance. Ms. Bourgeois, some people raised their hand to say that we were wrong and that they thought they could manufacture the aircraft in question.

It's a transparent process that enables those who believe they have been hurt to be heard. That's why it's not an irregular process. It's exceptional, but it's a process that enables third parties to assert their rights.

The Chair: Thank you, Ms. Bourgeois. Your time is up.

Mr. Kramp, go ahead, please.

[English]

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Thank you, Madam Chair.

Welcome again, Minister, and officials from the department. Might I thank you in advance; no minister and staff have appeared more before this committee than you have. We thank you for your cooperation in the past and we are happy to see you here again today as you help us delve through the levels of accountability and responsibility of the government operations committee.

I'm actually very fortunate, in a way. I live in the riding of Prince Edward—Hastings, right adjacent to Trenton CFB, the now-proclaimed air transport capital of Canada, and as such I had the privilege to actually see the inaugural flight of the first C-17. After that flight, I had the opportunity to tour the aircraft and talk with all of the people involved in the operation of the aircraft. Honestly, I was just blown away by the capacity and the capability—everything from the short-field takeoff, and on and on.

I understand we're in the process of completing the timeline to finish up the acquisition of the C-17 program. Could you give us some details on when we might expect the last deliveries, or give us the timetable to be expected on the C-17 implementation?

Hon. Michael Fortier: The C-17 is a nice segue from the question from Madame Bourgeois. It's a good example of smart procurement. National Defence identified what it needed, and we were able to zero in on that aircraft once it was obvious there were no similar types of aircraft available for us to purchase.

We launched the process in the summer of 2006, and we signed the contract with Boeing less than 18 months later. We took delivery of the first aircraft last summer. We have since received a second aircraft, a third aircraft is on its way, and a fourth is expected shortly. We will have received all four aircraft almost within 12 to 15 months of contract signing.

Mr. Daryl Kramp: As we've seen in the past, regrettably, some of these processes run 10 or 15 years in purchase, design, thought process, delivery. This is quite a refreshing change. I guess there are pluses and minuses with everything.

From talking to the people on the ground, the people who fly these things and maintain them, I can tell you that they are absolutely delighted with the performance of this aircraft. I thank you.

In the same area—and I don't want to go back to a local situation only—I think there are similarities with the SMEs. Looking at the infrastructure, the requirements at CFB Trenton, it literally will be hundreds of millions of dollars, everything from airport reconstruction, to hangar, to maintenance, to storage, to warehouses, everything like this. As always, there are a lot of concerns raised from the small and medium enterprises. Will they have the capacity and the ability to bid on contracts? Is it a closed shop? Is it open? Can they be competitive?

Could you give me an illustration of what your department has done to ensure that the SMEs can compete fairly and openly in contracts such as this?

● (0930)

Hon. Michael Fortier: On the military side, the potential for SMEs on these contracts is in the offsets coming from foreign manufacturers. We've insisted that for every dollar we give a foreign manufacturer, the manufacturer has to reinvest a dollar in the aerospace and defence industry. This is important—aerospace and defence, not any industry, not any investment. Boeing and Lockheed Martin have already announced nearly \$2 billion in investments in Canada as a result of these obligations. These are real contracts, and some of them have been handed to the small and medium enterprises.

More generally, since we launched the office of small and medium enterprises in the spring of 2006, we've opened six offices. I've had round tables with business folks in those six cities. Not everybody's happy, let us be clear about this. People want the MERX system, our electronic tendering system, to be improved. Some people fear that there's an advantage given to Ottawa, Montreal, Toronto—the triangle. Some people believe that if you're outside the triangle you're at a disadvantage.

We're fixing all these things because we want more of these SMEs to be potential suppliers to the government. We think everybody wins, the economy wins, but we as a client win by having more people interested in bidding for our business.

Mr. Daryl Kramp: There's one report we're working on that I'd like to make the minister aware of. I know it's an issue that the chair feels strongly about too. I'm talking about pay modernization and the difficulties with compensation. I'd like to inform the minister that we're currently in the draft stage of this report. We hope to be able to present a copy of it to your department in due course.

We ask that you take a close look at the recommendations coming out of this report and at your earliest convenience provide a response to the committee. We're highlighting this as one of our to-do projects.

The Chair: I thank you, Mr. Kramp, for doing this. You know how near and dear it is to my heart, this particular issue.

We will now move to Mr. Angus.

Mr. Charlie Angus (Timmins—James Bay, NDP): Thank you, Madam Chair.

Thank you, Minister, for appearing before us again. My colleague Mr. Kramp congratulates your frequent appearances before committee. I would prefer to speak to you in the House sometimes about it, but again, you are in the unelected Senate and not in the House of Commons. But needless to say, I am very pleased to have you here today.

One of the issues surrounding your role in government is to ensure transparency and accountability in the very expensive contracts awarded by the federal government. That's why I'm interested in your 2007 decision not to take up the media's call for an investigation into the CGI-TPG contract controversy. I wonder why you chose not to review it, at least, and why it went ahead. Was there any particular reason for that decision?

Hon. Michael Fortier: Absolutely. Thousands of contracts are handled by the department, some of them large, but many not so large. They are handled by the department at arm's length, thankfully, from the minister and his office.

When this came up I requested a briefing from my then deputy, Mr. Marshall. I wanted to make sure it had been handled properly. There had been allegations about the way the bids had been valued or looked at, the grid and what have you.

My current deputy has confirmed—and he can speak to this, I am sure—that this contract and the process were properly handled by the department.

Mr. Charlie Angus: Certainly there are thousands of contracts that go out, but thousands of contracts are not the subject of editorials in national newspapers. The *National Post*, for example, pointed out that you had business relations with CGI. Until 2004, you were their primary public contact for their share offerings. I do not know if you still have—and it is probably not all that necessary to know—shares in Societe Delphes, which was a subsidiary of Delphes Technology, which was a subcontractor of CGI.

The *National Post*—this is not being partisan—said that you as minister should welcome an investigation into this \$400 million contract to review the bidding process, because the Fortier-CGI relationship was too close and cozy. Yet it appears that no real investigation was done. Now Canadian taxpayers are possibly on the hook for a \$250 million lawsuit.

Why was the contract not suspended? Why was this issue not examined? We couldn't have avoided dealing with such a large lawsuit?

• (0935)

Hon. Michael Fortier: The government, it will not surprise you, is sued quite often. We will defend ourselves in court. I will respond the same way as I responded earlier.

This was done at arm's length. Negotiations for this contract began way before I showed up. It was a fair, open, and transparent tender. So somebody is now questioning the process. It's before the courts.

I am not going to suspend every single contract that somebody decides to contest before the courts. We have a legal office, we have a deputy and his department, and I rely on their advice. Their advice is that our position is solid.

Mr. Charlie Angus: I know it's before the courts, but there are two very disturbing allegations in TPG's claim against the government. One is that according to access to information documents the evaluation numbers appear to have been changed. The evaluation numbers in the weighted sections in key parts of the review process are dramatically different from the overall evaluation numbers.

There is also the accusation that after CGI was awarded the contract your department tried to plunder the technical staff from TPG to come and work on this contract.

So number one, there are questions about interference in the evaluation process, which may have been changed. Do you have a fairness monitor to assess this? Number two, is it standard practice to go after employees from a firm that lost a competing bid?

Hon. Michael Fortier: If I understand you correctly, you're taking the allegations from the plaintiff at face value. Is that what you're doing, Mr. Angus?

Mr. Charlie Angus: No, I'm asking why, when the *National Post* says—

Hon. Michael Fortier: You say it's deserving—

Mr. Charlie Angus: Let's have a clear picture. Let's just have a review and ensure that this passes the smell test. As far as I can see, that wasn't done. I am asking you, based on what they're alleging, do you have a fairness monitor review in place when you look at these contracts? Can you respond to that question?

Secondly, they're saying your department was going after their employees to come and implement this contract. Is that standard practice?

Hon. Michael Fortier: No, and we do not do these things. But if you're going to read the *National Post* editorials and plaintiffs' briefs before the courts and take all of that as fact, then you can do that all you want, Mr. Angus. I've explained—

Mr. Charlie Angus: I'm here to get an answer from you, and I'm not hearing it.

Hon. Michael Fortier: I just gave you an answer.

Mr. Charlie Angus: That's why I'm asking you.

Hon. Michael Fortier: I gave you an answer. It's just not the answer you wanted.

Mr. Charlie Angus: So do you use fairness monitors in your internal reviews of how contracts are awarded?

Hon. Michael Fortier: In some cases we have fairness monitors.

Mr. Charlie Angus: In some cases.

Hon. Michael Fortier: Yes, you don't have a fairness monitor—

Mr. Charlie Angus: What is the threshold for a fairness monitor? A \$400 million contract doesn't warrant one?

Hon. Michael Fortier: Not necessarily, no.

Mr. Charlie Angus: Really?

Hon. Michael Fortier: Yes, really.

Mr. Charlie Angus: I think that would be something you might want to—

Hon. Michael Fortier: Based on what expertise, Mr. Angus?

Mr. Charlie Angus: Well, a \$400 million contract—

Hon. Michael Fortier: The *National Post*, or allegations in a plaintiff court file?

Mr. Charlie Angus: I think it's fascinating that here you have a \$400 million contract that drew public allegations, and you don't have any kind of fairness monitor system in place. This is \$400 million of taxpayers' money. No offence, Mr. Fortier, but I think that's incredibly lax.

• (0940)

Hon. Michael Fortier: Absolutely not. We have fairness monitors when the situation warrants.

Mr. Charlie Angus: So is it a personal choice? At what point do you include a fairness monitor? At what point? You say sometimes.

Hon. Michael Fortier: It depends on the situation.

Mr. Charlie Angus: The situation?

Hon. Michael Fortier: We don't need a fairness monitor in this case. My department confirmed that the process was handled fairly and transparently and that these allegations will be fought in court.

Mr. Charlie Angus: So you don't have a guaranteed standard for fairness monitoring. It's at whim.

Thank you.

The Chair: Thank you, Mr. Angus.

Mr. Casey.

Mr. Bill Casey (Cumberland—Colchester—Musquodoboit Valley, Ind.): Thank you.

I'm pleased to be here to ask you some questions, Minister.

I'm going to ask questions about the Victoria in-service support contract. My understanding is that Treasury Board was asked for about \$1.5 billion for the total contract. And it's divided into three levels: level one maintenance; level two maintenance; and level three maintenance, extended dock and work period major submarine overhauls and refits.

The puzzling thing is, although it's a \$1.5 billion contract, only \$57 million has gone to tender. That's 4% of the contract; 96% is not tendered. I wonder, did the original tender include only the first level of maintenance, the second level...? I don't believe it could have included the third level of maintenance in the program. What did the first tender include?

Hon. Michael Fortier: My understanding is that the tender was for the entire amount. It wasn't broken down, but we'll get somebody to provide you with those details.

Mr. Bill Casey: But the contract is \$1.5 billion and only 4% went to tender. The contractors deemed to be the preferred bidders say that significant work packages such as submarine refits and equipment overhauls will be added by contract amendment.

This means that 4% went to tender and 96% will be added by amendments. So the amendments will be 25 times bigger than the original contract. That simply does not make sense, and it does not provide for any accountability.

Hon. Michael Fortier: I'll ask Liliane saint pierre to address your question. She's responsible for procurement.

Liliane.

Ms. Liliane saint pierre (Assistant Deputy Minister, Acquisitions Branch, Department of Public Works and Government Services): It is true that the total estimated value of the contract could go up to \$1.5 billion. For the evaluation process, we asked the companies who intended to send in their bid to provide us prices and level of effort for a total of approximately \$57 million.

Mr. Bill Casey: So that's the only part of the \$1.5 billion contract that will go to a public tender process. Only 4% will be tendered, and 96% will not be tendered.

Ms. Liliane saint pierre: No, in the sense that in order to do a proper evaluation we provided the companies with a series of tasks to be performed, and we asked them to provide a level of effort against that for a total estimated price. Because there's a lot of repetition, of course—because we are talking about maintenance on that basis—then it will be pro-rated.

Mr. Bill Casey: According to the contractor, there's a scheduled refit to start in early 2009. They've already said that the contract will be amended. That refit is scheduled. Will that go to tender?

Ms. Liliane saint pierre: The total package of work to be covered under the contract is for a potential total of \$1.5 billion. Every time there is base maintenance work per year and every time there is a new work requirement, at that time we'll ask the contractor to do it, but we will have obtained the total contracting authority of up to \$1.5 billion.

Mr. Bill Casey: So every year it will go to public tender?

Ms. Liliane saint pierre: No.

Mr. Bill Casey: Only the 4% of the contract is going to go to public tender?

Ms. Liliane saint pierre: This is quite a normal practice. With requests for proposal or tenders, we have an estimated value of work to be done that could cover 10, 15, or 20 years. We don't have all the specifics up front, so we ask the companies to provide us with level and effort prices for the first few years, and then it will be pro-rated. And each time there's work to be done in addition to the maintenance, the company will provide us with estimates at that time.

• (0945)

Mr. Bill Casey: That company, but nobody else, will be asked to tender on it or provide prices?

Ms. Liliane saint pierre: No, because it was stated up front in the request for proposal. So it's very—

Mr. Bill Casey: Does it make sense that the amendments are going to be 25 times more than the original contract? Does that make sense to anybody? I don't think it does.

Ms. Liliane saint pierre: It is not an amendment related to increasing the value of the contract. The companies are fully aware when they bid against those requirements about the total potential business volume—

Mr. Bill Casey: Let me ask you this.

Ms. Liliane saint pierre: —but the crown does not give them up front—

The Chair: Your time is up.

Mr. Bill Casey: Let me ask you this. The contractor, in their press release, when they were identified as the preferred bidder—the contract is not signed, but they've been identified—says, "Significant work packages such as summary refits and equipment overhauls will be added by contract amendment as emergent activities."

The first unforeseen event is scheduled to begin in early 2009. In documents we have here, DND also said that this refit is scheduled.

Ms. Liliane saint pierre: Yes.

Mr. Bill Casey: The contractors say it's scheduled.

Why is that not in the original, initial contract? Everybody knows it's there. It's scheduled. The contract is not signed. Why is that not included?

Ms. Liliane saint pierre: It is in the original package of potential work, but we don't yet have all the details on the work to be performed. When we do have that with the level of effort—

Mr. Bill Casey: It's only nine months away.

The Chair: Thank you very much, Mr. Casey.

We will go to Monsieur Ménard.

[*Translation*]

Mr. Serge Ménard (Marc-Aurèle-Fortin, BQ): Thank you for coming to testify, minister. I didn't expect to see you here this morning. However, since one of our colleagues is ill, I am taking over.

First, I would like to talk to you about a major contract, the contract for the delivery of 100 used tanks by the Netherlands. This is a contract for \$1.3 billion for the purchase and for another considerable amount for maintenance. These tanks were to be delivered in the fall of 2007, but they were not. According to certain sources, we won't have them before 2011.

Can you confirm those facts?

Hon. Michael Fortier: No, from what I know of this, we'll receive them before the date you mentioned. The tanks needed maintenance. They will be delivered before the date you mentioned.

Mr. Serge Ménard: On what date will that be?

Hon. Michael Fortier: It will be as soon as possible.

Mr. Serge Ménard: What does that mean?

Hon. Michael Fortier: Work has to be done on those tanks. When it's completed, Mr. Ménard, those tanks can be used.

Mr. Serge Ménard: You're telling me we'll have them before 2011. Is there a chance we'll have them before 2010?

Hon. Michael Fortier: We're talking about the 100 tanks that we bought. Mr. Ménard wants to know whether we have an exact date for the delivery of the tanks.

Ms. Liliane saint pierre: Yes, it will be in 2011.

Mr. Serge Ménard: So that is in fact in four years. We think we'll withdraw from Afghanistan in 2011. Will those tanks still be useful in 2011?

Hon. Michael Fortier: The government decided to proceed with the purchase of tanks. We hope to receive them before 2011. Ms. Saint Pierre, I believe you're referring to the last delivery. We won't receive all 100 at the same time. Some will arrive before then and can be deployed.

Mr. Serge Ménard: When will that be, Ms. Saint Pierre? You apparently know.

Ms. Liliane saint pierre: That will be done gradually. We currently expect to begin receiving them in 2009, but the vast majority will be delivered in 2011.

Mr. Serge Ménard: That date was set even before the vote in the House on the continuation of our commitment in Afghanistan, if I understand correctly.

Hon. Michael Fortier: I don't believe Ms. Saint Pierre can answer your question on the vote in the House. The contract with the vendor contained an appendix on the delivery of the tanks. That's what was agreed with the vendor.

● (0950)

Mr. Serge Ménard: Our time is limited. You made a point of telling us about your national capital area accommodation strategy. You have a national capital area accommodation strategy to achieve a 75:25 ratio.

Could you table the plan you referred to in your presentation?

Hon. Michael Fortier: I don't know whether we have a document that we can table. As you know, it's a matter of real property space. Last spring, we announced the construction of two office buildings in Gatineau. So that will take us to that 75:25 ratio, and even better. If you want, we'll table a document that presents the denominator, that indicates how the ratio is calculated.

Mr. Serge Ménard: I was using your expression. In your presentation, you told us: “[...] we have a plan in place to achieve the 75:25 ratio [...]” I thought you could table it.

Hon. Michael Fortier: To achieve it, we have to build two towers in Gatineau, Mr. Ménard. That's the plan.

Mr. Serge Ménard: That's fine.

I have one final question. Since I've been in public life, I have noticed that one thing is at least as difficult to predict as legal fees, even more so. And that is computer costs. There are considerable cost increases. I believe that the increase in firearm control management is due to that increase. We also had problems in Quebec when I was minister. When you want to implement projects and you request the cost of computers, you get the most diverse range of figures. I have previously spoken about that to the Auditor General, who acknowledged that it was indeed very difficult.

You come from the business world. You know all the advances that have been made in computer technology. Surely you must have had the same difficulties. Could you tell us how the computer costs of a new project can be anticipated?

Hon. Michael Fortier: You're talking about a new project.

Mr. Serge Ménard: What method do you use?

Hon. Michael Fortier: In fact, new projects aren't our biggest challenge. Here I'm somewhat exceeding the framework of my responsibilities. Nevertheless, as I said earlier, we spend nearly \$5 billion a year in the computer field, for either software or other goods.

I was really reassured to see that the Treasury Board had retained the services of a very experienced computer person. He's a man who was previously at Public Works Canada. So he was transferred or promoted. He now has an overview. When I arrived, I was worried and wondered whether someone somewhere understood all the system interrelationships and noted on a list the various types of software used from one department to the next, even within the departments. I've noted a distinct improvement since I've been here, both in my department and in government. Have we reached the point where we should be? That's the direction we're heading in.

As regards costs, since you mentioned them, I'll say that with regard to government operations and our total expenditures, that \$5 billion amount is not disproportionate, Mr. Ménard. It's consistent with the ratios prevailing in the private sector.

The Chair: Thank you, Mr. Fortier.

[English]

We'll now go to Mr. Brown.

Mr. Patrick Brown (Barrie, CPC): Thank you.

Thank you, Minister Fortier, for coming here again. You've been generous in your frequent visits to this committee.

I wonder if you could update the committee on the LEED standards and the greening of government assets and vehicle fleets. What initiatives are being taken to adopt a green approach?

• (0955)

Hon. Michael Fortier: With the exception of emergency vehicles for the RCMP and military vehicles, the executive fleet is being replaced by hybrid cars. As soon as a vehicle needs to be replaced, it will be replaced by a hybrid automobile. Folks at this table could tell you how many non-hybrid vehicles remain to be replaced, but as months go by, that denominator is going to go down significantly.

The LEED project is a neat program run by a U.S. entity. The Government of Canada has decided that every new building it puts up will have to meet the LEED standards. The building will have to be environmentally friendly. We'll take into account energy costs, and the number of parking spots will encourage people to use public transit.

Also, when we plan to invest significant sums of money in the retrofit of a building, we will consider it as if it's a new building and make the retrofit meet the LEED standards. We're committed to this.

I inaugurated the building in Montreal last year. There is a building in P.E.I. that will be inaugurated soon. The buildings I mentioned earlier to Monsieur Ménard that will be built in Gatineau will meet the LEED standards. We have an RFP in Quebec City for a new building, and it will have to meet the LEED standards. That's the rule and we should be proud of it.

Mr. Patrick Brown: The Federal Accountability Act made provision for the appointment of a procurement ombudsman. Can you update the committee on that?

Hon. Michael Fortier: The procurement ombudsman will be appointed shortly. We had an office set up in preparation for this announcement. When the announcement is formalized, that person can hit the ground running.

In a previous answer to a question put to me by Mr. Kramp, I referred to my meeting with small and medium enterprises. Many are looking forward to the procurement ombudsman. It's not that they don't trust the department, but they see this as an interesting venue for seeking advice and lodging complaints.

As soon as that person is formally appointed, he will hit the ground running and the office will be ready to go.

Mr. Patrick Brown: Just to go back to the greening of government assets, when the committee discussed this about a year ago, one thing that was mentioned was the hope to have measurable targets. Are there adequate resources to have measurable targets? What percentage of federal infrastructure would you like to see meet the LEED standards?

Hon. Michael Fortier: Well, you can imagine with the thousands and thousands of real estate property assets that we have, for us to undertake a retrofit of all of them would be extremely costly. What we are doing for new buildings is simple: the rule is that you have to meet the LEED standards. In other buildings, when we are considering a significant investment in the building—as a maintenance, a retrofit—we will insist on the LEED standard.

It's not just a question of the LEED standard. In terms of greening government, we've also looked at our supply chain. As I've said before when I've appeared before this committee, we're trying to green the supply chain. We are slowly but surely getting there, making sure that people provide us with more green products.

As time goes on, we are getting better results from the supply chain. But they also need to adjust, and we're working with them to make sure they understand that for us, at one point, this actually will be a criterion.

Mr. Patrick Brown: Thank you.

Hon. Michael Fortier: So we're working together towards that goal. I'm not dissatisfied with the efforts and the results so far.

• (1000)

Mr. Patrick Brown: Terrific.

The Chair: Thank you very much.

Mr. Cullen.

[Translation]

Hon. Roy Cullen (Etobicoke North, Lib.): Thank you very much, Madam Chair.

I want to thank Minister Fortier for coming to attend this meeting. I am not a permanent member of this committee, but I have some questions to ask.

[English]

One relates to the modernization of the payroll system and the other relates to the sale and leaseback of office buildings. On the payroll system, Minister, I gather it's about 40 years old. Maintenance costs are very high. Documentation probably is not that good. In the last week or two you've sent out an RFI, a request for information, which is a very preliminary step in the process.

You just completed a modernization of the pension, and there would have been a certain logic, it seems to me, to proceed from that to the payroll system. In fact, in your own departmental plans and priorities you talk about this as being a priority initiative and also that it would generate significant savings for the government.

I have a couple of questions. Why is it taking so long to get this moving? Secondly, do you have approved and allocated funds for this project to proceed?

Hon. Michael Fortier: I'll ask the deputy to answer your question. In terms of commitment, I wouldn't want you to think that this is not a priority. There was significant backlog. This committee actually was very good in reminding me every time I've shown up. We have gone through the backlog in terms of the delay in pay processing. It's a very complex system that needs to be upgraded, and it will be.

I'll let the deputy talk about resources and his plan of action.

Mr. François Guimont (Deputy Minister and Deputy Receiver General for Canada, Department of Public Works and Government Services): Thanks, Minister, Madam Chair.

A very accurate analysis of where we stand.... It's an older system. There's no question that 40 years is accurate, so with that comes a lot of manual treatment of the information.

Now, we in Public Works essentially manage that centralized system, and we have what we call pay administrative clerks in various departments, but they're using the main system of Public Works. So that's the first thing.

The second thing I would say is at the very core of that system is the reason we're facing some backlogs. The point I want to make here is that with an older system you have to apply more resources, human resources, in order to get the demands through.

So I just want to say that, because it's an important thought in the sense that individuals working are not doing a poor job; it's just that we need many more people to carry through the various requests that are coming our way. So that's just the *problématique*, the issue.

We've been working with colleagues in central agencies to put together essentially a proposal, an approach. We are supporting an off-the-shelf software approach. Why off the shelf? Simply because we feel it would be a wiser investment, more quickly applicable. That, frankly, emphasizes the point made by the minister earlier on vis-à-vis military procurement. If we have a piece of equipment that is available, instead of working hard at developing it, our taking it off the shelf, carrying out the purchase, is probably more efficient.

So we have a plan, then, to do that, and we have an approach, just not a plan. The issue then becomes *le nerf de la guerre*, which is the resources required to support an investment.

I have a brief point on that. On pension modernization, we've been supported, in order to move forward, to carry the actual investment, so that's been proceeding and it's on track, working very well.

On the issue of pay modernization, we are working with central agencies to get the proper funding, and everybody knows it's a priority. I'm tempted to say there's no denial out there that a 40-year-

old system needs to be upgraded and changed in order to carry out the basic function of any organization, which is paying your people.

Hon. Roy Cullen: Thank you. I hope you can proceed expeditiously and that the funding will be in place, because if you're going out to request RFIs and you're having groups that put together this information, if their funding isn't available that would be a bit of a problem, I think you'd agree.

I'd like to move on to the sale and leaseback. If you look at the private sector, a sale and leaseback might be considered a last resort. It's like factoring. We get the capital up front, but downstream, in terms of the overall economics, it's not always a preferred option. It's a last resort.

In the case of these office buildings, I can see the opportunities to improve efficiencies. I can see opportunities to get funding to modernize, renovate, and keep these buildings up to speed, but I'm worried about the downstream when the leases come up for renewal. Presumably there is an option to buy. I'm worried about monopolistic pricing. You might say there are a lot of office buildings around, but once the leaseholds are in and commitments are made, your wiggle room is diminished somewhat.

I'm wondering if you could comment on that and if you've ever looked at models like the one I'm familiar with in British Columbia, where there's a crown corporation, B.C. Buildings Corporation, which is committed to highest and best use of properties, which is committed to market rents or market-based rents, and it seems to work very well. Did you look at a model like that?

• (1005)

Hon. Michael Fortier: No, I did not look at a model like that.

I would tell you that on sale and leaseback, I disagree with your preamble. Sale and leaseback is not the last resort. Most commercial companies outside real estate are spinning off their real estate assets. These are for-profit companies. The banks have all sold their downtown towers—the banks, the for-profit banks. It is too complicated to run unless you're in the business, so I think what we did makes a lot of sense.

On your question about 25 years from now, yes, we have an option to buy. I can see you looking at it from the other side and saying we will have a lot of people to move. Don't forget that the owner will have several hundred thousand square metres to fill if we move. So I'm an optimist by nature and I think we will be able to renew our lease, and if we can't, we'll find space. But for the next 20 or 25 years, we have found the best solution for taxpayers.

Hon. Roy Cullen: Thank you.

I suspect my time is up.

The Chair: Yes, it is. Thank you very much.

We are going to Mr. Warkentin.

Mr. Chris Warkentin (Peace River, CPC): Thank you, Madam Chair.

Thank you, Minister, for being here this morning. We appreciate your attendance here again.

Minister, before I was elected I had great concerns with regard to the Liberal practice of polling. There seemed to be a poll for everything in terms of public opinion on anything, and this concern continued after I was elected and as we, as a government, took over the responsibility of managing the public purse but also managing the different departments.

I'm wondering if you can give us any insight into whether we're seeing a trend as far as polling numbers are concerned. I'm hoping they're on their way down, but I'm wondering if you can give us any kind of update in terms of what we can expect from our government in terms of public polling and what the numbers look like right now.

Hon. Michael Fortier: Let me comment first on the macro, and then I'll go to the micro, which is the post 2007-08 numbers.

On the macro level we have been very clear. We want to shave \$10 million from the denominator from the 2006-07 fiscal year, which was approximately \$31 million. This fiscal year we do not want polling expenditures to be beyond \$21 million, and we have informed all departments that we will be monitoring their expenditures. There is a freeze, as you know, on syndicated polling acquisitions, if I can express it that way. Among other things, we now want ministers to sign off on polls and be aware that these polls are being commissioned, so there will be far greater controls on the process.

On the micro issue, which is this year's number, it's not in yet, but my understanding is that the number for 2007-08 will be significantly lower than it was in 2006-07.

Mr. Chris Warkentin: Fantastic.

I'm wondering about polling. You talk about the ministers having to sign off. For the benefit of committee members and the general public, is there any standard that ministers are expected to think about before they sign off on these polls? I think Canadians would like to know why the government is polling at all. They would like to know which issues warrant polling and which don't.

I believe Canadians are a little suspicious of governments that simply ride the wave of public opinion on every issue. Often Canadians want their government to respond to issues based on correct information and the public interest.

• (1010)

Hon. Michael Fortier: I can't speak for all Canadians, but common sense suggests that people would understand if polls were being commissioned to figure out if program delivery was working. That should be the aim of these polls—to be an adjunct to program delivery. That's what they should do.

When ministers sign off on these polls, they will be using judgment and common sense to make sure the polls are warranted, given the particular department and the objective that is sought.

We in government understand that polling for program delivery is important, so we're not saying there won't be any more. Clearly, however, we need better controls, and for the past three months there have been better controls.

Mr. Chris Warkentin: Thank you.

To pick up on Mr. Holland's comments, there have been questions with regard to the restoration of West Block and the precinct generally. I was touring some constituents around yesterday, and they were pointing out the netting around the West Block and other things.

I'm wondering if you could update the committee, because there have been some media discussions about what's going on with the West Block. What kind of timeframe are we looking at, and what results can parliamentarians and Canadians expect?

Hon. Michael Fortier: I'll give you some brief comments, and then I'll let Mr. McGrath and François Guimont fill in the details.

Basically, our plan is for West Block to be completely emptied by 2010. So the folks currently there will be relocated and restoration work will begin. This is not your typical restoration. We will be hiring special trades folks to address unique masonry issues, stone issues. So the work will get done in the next few years after 2010.

Once you get the people moving, it's like a domino effect: other people start moving, and before we know it, a lot of this will have been completed and people will be back working in their old offices.

Mr. Chris Warkentin: Thank you, Minister.

Hon. Michael Fortier: I don't know if François or Tim wants to add to this.

Mr. François Guimont: Maybe I can add a few points and then I'll turn to my colleague. It's just as further emphasis to what the minister said.

Going back to the question about capital increase or decrease in our budget, this year, Tim, if I remember, we are getting \$54 million, a tranche, which is meant to support further steps on the West Block. So this is the challenge that we have with our capital budget. Some projects are completed—a decrease in our budget—and some projects flow in as further authorities have been given, and that's the case for the West Block. So that's the first point.

The second point is the complexity of the task at hand and the domino effect, just to be more specific. Colleagues, you are aware that with the West Block it means we have to move MPs out. The Promenade Building is being refurbished, and that's a critical step. Work is proceeding very nicely there. Committee rooms are so critical for your work, and the Wellington Building then kicks in for that, so it's a parallel track, very important. The last element, which you are also familiar with, is the so-called Room 200, of which the Bank of Montreal is to be a key piece.

Why am I saying all this? It's a complicated piece of business. I think we're tracking and making solid progress. I have now put in charge a senior ADM responsible for the parliamentary precinct directorate. This is an appointment that was made a couple of months ago and it has increased the torque in tracking progress for that project. We have, frankly—and that can be tested—a very solid relationship with the House and the Senate. This is critical. That's the precinct. In the precinct we have to dance with a number of individuals in order to be able to make progress.

I have one last point and I won't be too long.

The complexity of the task is not only governance; it's also complicated buildings, by the very state they're in. I'll just give an anecdote that you'll probably associate with, and that's the Library of Parliament. You know, we were often in the paper—it's late, it's a bit more expensive. When you look at the results, I think most of you would say it's a very good piece of work, and we're very proud of it in Public Works. But that's the challenge. These are heritage buildings that are very different from, let's say, our leaseback approach to common buildings for people to work in.

So that's always a challenge, which is out there, and there will be surprises. I don't want them. I try to manage not to have surprises, but these are older buildings. That's the reality.

• (1015)

The Chair: Thank you very much.

I actually recall that when I was Minister of Public Works we redid the Peace Tower and the facade all around the Parliament Buildings, and our concern at that point was to have that finished for the year 2000. So yes, there are always priorities. It always takes longer than we think. It's costly and it's difficult.

I'm going to go with Madame Bourgeois.

[Translation]

Ms. Diane Bourgeois: Thank you, Madam Chair.

Minister, I want to go back to one of the questions that my colleague asked concerning the tank procurement program. I believe that 20 of the 100 tanks that were bought are being rebuilt.

According to a number of newspaper articles that we've recently read, the call for tenders for the upgrading of those tanks won't be issued until 2009. Ms. saint pierre, may I ask you to explain why?

Ms. Liliane saint pierre: We've made the purchases. That said, for the tanks to be usable by the Canadian army, an upgrade is necessary, particularly with respect to telecommunications. We intend to issue a call for tenders to invite companies interested in making those upgrades to submit their bids.

Ms. Diane Bourgeois: Normally these tanks are borrowed. Do they come from Germany or the Netherlands?

Ms. Liliane saint pierre: We proceeded in two stages. In other words, we leased tanks from the German government, and we bought some from the Netherlands. The tanks that we bought from the Netherlands will require upgrades. However, those upgrades will be the subject of calls for tenders, and we expect to issue those in 2009.

Ms. Diane Bourgeois: Are there any clauses concerning the German tanks that we're leasing from Germany? That's costing us something, but if we lost one tank, would we have to give another one back to Germany? There must be conditions. What about that?

Ms. Liliane saint pierre: There are obviously clauses. The German government has lent us tanks in good condition. If the tanks are damaged, we will restore them to good condition.

Ms. Diane Bourgeois: All right.

I have another question to ask you. I expected to see \$1.4 billion under the capital expenditures, perhaps in the form of an increase. Mr. Fortier, when you last appeared before the committee,

Mr. McGrath and you said that a lot of money had been invested to improve the condition of the real property inventory. I expected to see something in the budget to that effect, but I unfortunately haven't seen it. Could you explain where that can be found?

Hon. Michael Fortier: As you know, that \$1.4 billion went into the Consolidated Revenue Fund. We've already talked about that. I know you're pretending to be surprised, but you already knew it. That's always been very clear from the start.

As for the investments that must be made in the real property inventory, every year, year in, year out, we tap the budget to reinvest in real property. This year's amount of \$290 million is the same as last year's. The good news is that we now have seven properties of less—

• (1020)

Ms. Diane Bourgeois: The maintenance of those properties cost virtually nothing, minister.

Hon. Michael Fortier: No. Remember there were some—

Ms. Diane Bourgeois: It didn't cost much.

Hon. Michael Fortier: You're right, but you're thinking of those in Vancouver that we were unfortunately unable to sell and that were more recent. All jokes aside, some of those seven properties were built a number of decades ago. So we don't have to do that work. It's done and financed, as you will remember, by the company that acquired the properties.

Ms. Diane Bourgeois: That's fine.

I want to go back to your greening service or your Greening of Government Operations Stewardship. What I understood about that is that the stewardship is the boss or the implementation service. Do you intend to invest a little money, through that greening service, in the properties that need repairs?

Hon. Michael Fortier: No, the amounts don't come from there.

Ms. Diane Bourgeois: It's completely separate.

Hon. Michael Fortier: Those are two very distinct items in Mr. Guimont's budget.

The Chair: Thank you, Ms. Bourgeois.

Mr. Angus.

[English]

Mr. Charlie Angus: Thank you, Mr. Minister and Madam Chair.

Could you give me a sense of when this fairness monitor is invoked? Is there a threshold or is there not?

Hon. Michael Fortier: Usually a fairness monitor is hired—I guess that's the right word—or used at the beginning of a contractual process. As to examples where it was used at the beginning of a process, I could talk about the real estate, the Royal LePage, issue. The contracts go out and then they come back, and there's an issue, so they have to go back out again. That's when one would have a fairness monitor.

I believe we had a fairness monitor—correct me if I'm wrong—on the military procurement on the C-17. Did we?

Mr. Charlie Angus: At what threshold do you bring it in, or is it just depending?

Hon. Michael Fortier: It's a risk analysis. It's not just a monetary threshold.

Mr. Charlie Angus: There is no monetary threshold.

You're telling me that the fairness monitor is only there at the beginning. Is that to make sure that the contract's terms are fair?

Hon. Michael Fortier: Yes, that the process is fair. That's right.

Mr. Charlie Angus: The process is fair.

Hon. Michael Fortier: There is a policy, which we will table with you, Madam Chair, and your clerk, that we don't have with us right now.

Mr. Charlie Angus: Okay.

When a contract is awarded, the unsuccessful bidder is given a debriefing. It's not just a professional courtesy; it's actually in the procurement rules: "...on request of a supplier whose tender was not selected for award, provide pertinent information to that supplier concerning the reasons for not selecting its tender, the relevant characteristics and advantages of the tender selected and the name of the winning supplier." That briefing is usually done face-to-face. That wasn't done in the case of the CGI-TPG contract. Why not?

Mr. François Guimont: I'll turn to my colleague Liliane.

Ms. Liliane saint pierre: Yes, you are right in the sense of the normal practices related to providing the right to the supplier to get a debriefing. The supplier has choices, either a debriefing or information via letter, depending on the circumstances. In this specific case, because we were already involved with some challenges related to the trade tribunal, the supplier was provided information via letter.

Mr. Charlie Angus: A letter?

Ms. Liliane saint pierre: Yes, with the results of the evaluation.

Mr. Charlie Angus: A \$400 million contract that was very controversial, and they got a letter. They didn't get any kind of debriefing.

Ms. Liliane saint pierre: If he had specifically requested and I could really verify on the file—

Mr. Charlie Angus: They had specifically requested.

Ms. Liliane saint pierre: I can confirm to you that the results of his evaluation were provided via letter.

Hon. Michael Fortier: With respect, what Madame saint pierre is saying is that when a potential supplier decides to seek redress from the courts, the process of having face-to-face...that option doesn't exist, but we do reply to their questions in writing. Is that correct?

Ms. Liliane saint pierre: Yes.

Mr. Charlie Angus: My understanding is that in this case they were attempting to meet. They went the court route because basically your department shut them down. I'm just trying to establish this in terms of what the taxpayer is going to be on the hook for if your department did not do its job.

I have another question. Did your staff attempt to hire TPG employees to complete the CGI contract, yes or no?

•(1025)

Hon. Michael Fortier: My staff or the department?

Mr. Charlie Angus: Your department.

Hon. Michael Fortier: François will answer.

Mr. François Guimont: I heard of these allegations, I sat down with my staff, and I'm satisfied that no such attempts were made. That's the answer.

Mr. Charlie Angus: So no?

Mr. François Guimont: No.

Mr. Charlie Angus: Okay.

Mr. Fortier, I don't read just the *National Post*. In fact, I don't particularly like it—no surprise there.

I was reading a very interesting article in *The Globe and Mail*. The headline was "The benefit of doling out bags of cash, region by region". You were mentioned as a hero for the city of Montreal for bringing jobs.

And the *National Post*—another one of my personal favourites, as I just said—had an article about Fortier fighting to get the maximum for Quebec. With the CGI contract, it was a Montreal-based company. There were questions about your role. The *National Post* even described the cozy relationship with CGI.

This is now in the courts. A number of allegations have been made in this case. If the taxpayer is on the hook for \$256 million because of this debacle, will you resign as minister?

Hon. Michael Fortier: Mr. Angus, we will defend the process before the courts. The department handled this at arm's length from the minister, like any other contract. The minister does not get involved, nor does his staff.

Mr. Charlie Angus: You're not taking responsibility for any of this.

Hon. Michael Fortier: Absolutely, no.

Mr. Charlie Angus: Absolutely not.

Hon. Michael Fortier: I'm trying to be as bipartisan as I can. I think you should be happy and pleased that this is the way it works, that I'm not there every morning meeting with François and his team and saying, "Okay, this contract, that guy." That's not the way it works. It's handled by Monsieur Guimont and his team at arm's length from the minister.

Mr. Charlie Angus: I understand that, Minister. The question here was that here was a contract that was very controversial, where the calls from public said, "Listen, just do not award that contract yet. Let's examine it to make sure everything was done." We have a personal assurance from you that everything was done, but the public doesn't have that. There is no sense here that transparency was followed.

So once again, if the courts rule—and they may or may not—in favour of the plaintiff, then the taxpayer is going to be on the hook. And that happened under your watch, so would you take responsibility for that?

Hon. Michael Fortier: If there was something untoward that would have taken place, absolutely. Absolutely, Mr. Angus, I would. You have my word about this. I would.

The Chair: Thank you.

Hon. Michael Fortier: But for you to suggest—

The Chair: Thank you very much.

Hon. Michael Fortier: Can I respond?

The Chair: I'll give you half a second to finish.

Hon. Michael Fortier: I know you're not trying to say this, but for you to suggest that when I raise it with my then deputy and this deputy and they do their own due diligence in-house, this is not transparency, I would disagree with you, sir. I really would.

The Chair: Thank you.

Mr. Casey.

Mr. Bill Casey: Thank you.

The Victoria submarine went into dry dock in July 2005 for an extended docking work overhaul. It's still there, and the commander of the subdivision says they're not going to be able to get it out in a three-year period, that it looks like four years for the extended docking work program. Do you have an estimate of how much that refit is going to cost?

Ms. Liliane saint pierre: I'm sorry, I don't.

Mr. Bill Casey: Can you get us one? Can you get the committee a cost of that?

Ms. Liliane saint pierre: Yes. We'll contact the Department of National Defence.

Hon. Michael Fortier: The Department of National Defence should be the one providing you with this information.

Mr. Bill Casey: All right, but can you get that for us?

Ms. Liliane saint pierre: Yes.

Mr. Bill Casey: Thank you.

Anyway, the bottom line is that it's a four-year extended docking work process.

When I complained that this whole submarine operation should be a major capital project, your spokesperson told the *Halifax Chronicle-Herald* that the definition of a major crown project only applies to capital projects. That's the excuse for not making this a major capital project, which would then have given it a lot more scrutiny.

So I just went to the Treasury Board glossary and looked up "capital project". It says, "A project to improve a capital asset is considered to be a capital project when the performance, value or capability of that asset is...increased or its useful or economic life is extended by more than one year."

If you put a submarine in a dry dock for two years or three years or four years, you've automatically extended the life of the

submarine at least that much, even if you don't improve it. But these refits and overhauls are major overhauls. They dismantle the sub and put it all back together to increase the performance and extend the life of it.

Why are they not called major capital projects?

Ms. Liliane saint pierre: The determination of capital projects versus ongoing projects is different, as you mentioned, through the policy, but at the same time is related to the financial statement, the source of money. As such, it's up to the Department of National Defence to deal with Treasury Board and determine which category those initiatives pertain to.

• (1030)

Mr. Bill Casey: I don't understand that answer, because it meets the definition of capital project by Treasury Board and it extends the life of a capital asset by two years at least.

Ms. Liliane saint pierre: The Department of Public Works is a service provider, really, for procurement. As such, it is the department that buys, that holds the funds, that has the responsibility to determine whether it's a capital project or not. So we'll be pleased to refer your question—or you could—to the Department of National Defence.

Mr. Bill Casey: It seems to me you're doing everything you can to misrepresent this contract, which is a major capital project.

By only tendering 4% of the contract, 96% of the contract will go to amendments, which doesn't make sense. If even 10% of the initial contract had gone to tender, this would have been considered a major capital project. If this refit had been designated as a capital project—which it fits, under the glossary or the definition by Treasury Board—it would have been a major capital project.

It appears to me that you're misrepresenting this contract to try to get under the \$100 million threshold, so that it doesn't go to the senior project advisory committee.

Hon. Michael Fortier: Mr. Casey, I take exception to that. Ever since I've been minister and have been briefed on this, that has never been an issue. The issue—

Mr. Bill Casey: How can you possibly justify 96% of the contract going in amendments and only 4% being tendered?

Hon. Michael Fortier: With respect, I think you're misrepresenting what Madame saint pierre said. She explained to you the process—

Mr. Bill Casey: I'm not misrepresenting.

Hon. Michael Fortier: She explained to you the process in terms of tendering.

What you haven't said yet is that the objective was to have a competitive process—

Mr. Bill Casey: For 4%.

Hon. Michael Fortier: No, to basically do the overhaul and the maintenance of these assets. That's really at the core of this, isn't it, Mr. Casey? That is the objective.

Mr. Bill Casey: Exactly, and they're not included in the tender..

Hon. Michael Fortier: The determination of whether it's a capital project or not is not our responsibility; it is the client department's responsibility, sir.

Mr. Bill Casey: So the Department of National Defence is supposed to determine whether this is a major capital project.

Hon. Michael Fortier: If you look at the Treasury Board rules, you'll find that that's their responsibility.

Mr. Bill Casey: Amazing.

Thank you.

The Chair: Are there any other people who want to speak?

Madame Bourgeois.

[*Translation*]

Ms. Diane Bourgeois: Minister, further to what Charlie said, you told us you had nothing to apologize for over the contract awarded to CGI. Do you have any objection to the committee asking the Office of the Auditor General of Canada to investigate that, to avoid any misunderstanding?

Hon. Michael Fortier: First, you should always act on the principle that the Minister of Public Works and Government Services—this minister and, I hope, the others as well—is not involved in the awarding of contracts. I tell you that with all the sincerity in me. That matter is currently before the courts. I won't tell you how to act. If you want to make suggestions... It's not up to me to tell you what to ask the Auditor General. This is before the courts, so I'm going to let you reflect on the matter and take the actions you think are right.

Ms. Diane Bourgeois: That's fine. Thank you.

The Chair: Does anyone else want to ask a question?

[*English*]

Does anybody else want to ask a question of the minister while he's here?

If not, thank you, Minister, for taking time to come before us and answer all our questions.

[*Translation*]

Ms. Diane Bourgeois: Madam Chair, may I introduce a motion?

The Chair: If you wish.

Ms. Diane Bourgeois: It's in both languages. My colleague is absent; I'm introducing it for her.

The Chair: You can't do that. It's you who are introducing it. We haven't finished the meeting.

Ms. Diane Bourgeois: All right. I'll remove my name.

The Chair: Do you want to wait to introduce it?

Ms. Diane Bourgeois: Absolutely, but I don't know how to do it. I'd like to introduce it today.

The Chair: I gave you the floor, but what is this motion about?

Ms. Diane Bourgeois: It concerns the awarding of the contract.

The Chair: You may introduce it.

• (1035)

[*English*]

An hon. member: [*Inaudible—Editor*]

The Chair: We can't, because if she's presenting in a...

We'll take a short break.

•

_____ (Pause) _____

•

The Chair: I'm going to reconvene the meeting.

Madame Bourgeois was speaking, and I will go back to Madame Bourgeois because I stopped it.

[*Translation*]

Ms. Diane Bourgeois: Madam Chair, I want the committee to ask the Office of the Auditor General of Canada to investigate the process whereby this contract was awarded.

The Chair: You may read the motion in full.

Ms. Diane Bourgeois: All right. The motion reads as follows:

That the Committee ask the Office of the Auditor General of Canada to investigate the process by which the Department of Public Works and Government Services awarded contract EN869-040407/001/EL-000 to CGI Information Systems and Management Consultants Inc. on October 31, 2007, in light of the allegations that Mr. Don Powell, President of TPG Technology Consulting Ltd., made during a press conference on March 31, 2008.

The Chair: Thank you, madam.

[*English*]

Is there debate on the motion?

Mr. Mark Holland: Is it possible to get a copy of the motion?

[*Translation*]

Ms. Diane Bourgeois: I have it in both official languages.

[*English*]

The Chair: Yes, it's quite easy to do that.

[*Translation*]

Ms. Diane Bourgeois: It's a motion that I'm introducing immediately.

[*English*]

The Chair: But the question she was asking was about the contract that was awarded to CGI. She's asking the committee to recommend that the Auditor General review it.

Copies are coming, but if you'd like, the clerk can reread it in English.

Mr. Mark Holland: I'd prefer to have a physical copy of it. Maybe I was—

• (1040)

The Chair: Mr. Kramp.

Mr. Daryl Kramp: Madam Chair, I have no problem with the Auditor General investigating anything. That's her duty and job—if, how, why, when, or where it's deserved. This is a matter that's before the courts now. It's already been there three times. This will be the fourth.

We've had no compelling evidence come before this committee to suggest that we have this problem, this problem, this problem. Should that evidence come before this committee, then I think by all means a motion like this would be in order. At this particular point, the committee has not heard that type of evidence. I think we're being presumptuous on this, and particularly when a matter is before the courts.

I certainly think we should reserve the right to do this, and I think there might be a time to do this, but I don't believe the time is now to present a motion like this. I'm going to suggest that we not cast aside a motion like that, but that we at least take a look at a motion like that when the time is opportune and when the time is also real.

If this committee, in its wisdom, decides to go forward with this, so be it. I know, certainly as a government member, I have nothing at all...and the minister has been straightforward in his statement on this. The question is, do we want to interfere in the process if there's a time when this process should move forward with a request from the Auditor General? I seriously question the timing of this motion. I think we should consider that very, very seriously.

For that reason only, I certainly would vote against it, not for the spirit of the motion and having people come before us, and certainly not for the spirit of getting to the bottom of any situation. I think open and honest transparency is fine, but once again, time and a place. I don't believe this is the time or the place.

The Chair: Mr. Moore.

Mr. James Moore (Port Moody—Westwood—Port Coquitlam, CPC): I understand the intent of Madam Bourgeois' motion, it's fine, but the Auditor General won't look into it until the litigation is complete. If this committee passes a motion asking the Auditor General to do something that we know she won't do because the litigation is incomplete, I would suggest that would make this committee look a little less than sharp.

The Chair: Mr. Holland.

Mr. Mark Holland: Thank you, Madam Chair.

I have a number of concerns. I raised this to the minister, but I didn't want to get into it too much because it's estimates. It wouldn't have been appropriate for me to get into procurement concerns, really, when we're dealing with estimates.

I will be seeking in the not-so-distant future to have the committee look at procurement generally, because a number of different concerns have been raised in this case and elsewhere. There have been some concerns raised as to whether or not the Auditor General will actually proceed with an investigation. That's obviously up to the Auditor General.

I do have some concerns with respect to this particular item, so I don't have a problem supporting it. If the Auditor General makes a determination that she doesn't want to pursue it, that's fine, but I do think the committee's going to have to come back to the issue of procurement more broadly.

I'm sure other committee members have heard this. Individuals have come forward who have a lot of concerns, so I think it's an area that we need to take a look at more than just to say this one-off motion.

The Chair: Thank you.

Mr. Angus.

Mr. Charlie Angus: Thank you.

I certainly recognize the spirit of this motion. At the end of the day, it is the Auditor General's prerogative to accept or reject. I'm wondering if we as a committee should be looking at a couple of meetings—I don't think a huge study—on the general issues of procurement.

I'd asked at what threshold does the fairness monitor... I'm hearing very differing factors, like what Mr. Casey raised this morning. I think we need a general picture of how transparent, how accountable, that we can look at to say that these are the rules applied. I would certainly ask for some witnesses, whether it's from the submarine case or from TPG, to come forward to explain their understanding of what happens in the procurement process.

The Chair: You realize—I believe if he hasn't been named already, he's about to be named—there is going to be a person named as a procurement ombudsman, and that would be a good starting point. If he hasn't been named yet, he is on the verge of it. We have to review the nomination, so we'll start with that. He will be the ombudsman on procurement, and that should be fairly shortly.

Mr. Angus, yes.

Mr. Charlie Angus: I think that would be an excellent step forward. What I would suggest is that we have a couple of meetings. I would like to invite the procurement ombudsman. There are issues that have to be addressed. It's not our decision at the end of the day to decide in favour of CGI or TPG or the submarine contract, but I think it is incumbent upon us to hear witnesses on questions about how the procurement process is going, so we can raise those questions. We can ask at what thresholds, at what standards, at what guarantees, so that we have a sense of this, and that could be tied in to having the ombudsman appear before us.

I would prefer to have a number of those questions raised and then meet the ombudsman to say, "Listen, this is what we've been told. What are your standards? How will you approach it?" Then we actually will come out of this, after perhaps three meetings, and I think we'll all actually be a lot further ahead because of it.

• (1045)

The Chair: Madame Bourgeois, Monsieur Kramp, and then Mr. Casey.

[*Translation*]

Ms. Diane Bourgeois: I've introduced this motion, which specifically questions the contract of October 31, 2007 granted to CGI, simply because it seems that this contract is for an extremely large amount. The committee has just put questions on the subject to the minister. Another business claims it was adversely affected by the manner in which the contract was awarded. I'm focusing on CGI because we have that very specific example. Madam Chair, it is quite possible that you will receive a letter from the president of TPG Technology Consulting asking you to look into what happened.

I've asked a number of questions during the hearings of this committee on the way in which Public Works awards contracts. In the past, a great many contracts have been let by contract award. The minister probably didn't know the number. At one point, we were told that, of 50 contracts, only nine had been awarded through calls for tenders or through the normal process, which means that 41 contracts were let by contract award. I find that quite peculiar.

I don't want to tell my colleagues to throw stones at anyone, but I would urge them to learn how Public Works operates with regard to the contract award process, in order to ensure that everything is done to standard. When the Auditor General examines this kind of problem, it can take a year or a year and a half before she can get back. Let's stop any bleeding immediately. At least we'll know what the contract award process is.

[English]

The Chair: Mr. Kramp and then Mr. Casey.

Mr. Daryl Kramp: Thank you, Madam Chair.

I don't think anybody at this committee has a problem with advancing scrutiny on the appropriations process. I think that's fair ball. If we need to do that by calling various witnesses to try to find a way to improve the system, then I see a great opportunity in bringing in the new ombudsman officer. I think that's great. That's under the purview of this committee. Let's go ahead and do it.

To look at this issue right now, in the midst of a court proceeding, would be to deal with an absolute specific rather than a general sense of where we need to go. Once again, the timing is wrong. It would make us look like absolute fools before the Auditor General. I'm not prepared to denigrate the intelligence, capacity, and capability of this committee in deference to this general principle of perception.

We have Mr. Holland, Mr. Angus, Mr. Moore, and we're all amenable to seeing if there is a better way to do this. Should there be scrutiny at some point for the overall process? Yes, but this motion is wrong right now.

The Chair: Mr. Casey and then Mr. Angus.

Mr. Bill Casey: I appreciate this motion, and I've asked the Auditor General to review the submarine contract because I believe there are irregularities. I believe they misrepresented the contract.

I think this should go ahead. I will be supporting it. It's exactly the same—you could exchange the submarine contract for this contract. There was also a lawsuit with respect to an alleged conflict of interest on the part of somebody associated with DND who got the contract.

I believe you should call witnesses. If the submarine story was heard, I think you would come to the conclusion that there is something wrong with the system.

Thank you.

•(1050)

The Chair: Mr. Angus.

Mr. Charlie Angus: I don't want to throw us off track. I would ask my colleague to sit on the motion for now. But we should bring forward witnesses because of the ombudsman we're going to have. I think we should be looking at the submarine contract and the CGI-

TPG contract. If there are other issues or questions, we need to examine the general issue of procurement. If we come out of that and find there are serious problems, then this motion is ready to go.

Mr. Casey has already moved forward with the submarine motion, and I think that is something we would want to look at. This would be a way of allowing us to maintain leadership in our own house before going outside. That's my only concern. We still have a few things to put in place here.

I'm not against my colleague's motion, but I would prefer that we hold it in abeyance until we can actually bring in some witnesses. Then we'll have a much better sense of where we need to go.

The Chair: We're not in camera.

Next speaker, Madame Bourgeois.

[Translation]

Ms. Diane Bourgeois: Madam Chair, I want us to really study the way contracts are awarded.

Mr. James Moore: You've won.

[English]

Why are we debating?

[Translation]

Ms. Diane Bourgeois: I want us to ensure that that's done. How can you, clerk or the people here, give me assurances that the way in which contracts are awarded will be examined and that we'll look at this particular contract? We'll probably invite the president of TPG Technology Consulting.

The Chair: We can certainly examine the matter. We'll probably be able to do it in May. I believe we'll have time to do it. I think it's a good idea.

Ms. Diane Bourgeois: If I withdraw my motion, will all committee members assure me that we'll begin the study on such and such a date? If not, I'll keep my motion because I don't want it to fall through. I'm willing to withdraw it, but—

The Chair: Ms. Bourgeois, we need unanimous consent for you to withdraw your motion. In response to your other question concerning the absolute guarantee that we'll study the procurement matter, I can tell you that there are no absolute guarantees in this life. As you know, we never know what will happen from one vote to the next. I can tell you that we could intend to do it. I think this is important.

Mr. Angus.

[English]

Mr. Charlie Angus: I think the guarantee, as we've all expressed here, is that this is where we want to move forward. We could bring forward a motion with the exact dates, but I would like to get a list of witnesses and we could bring it back. If we have to vote on it, we will vote on it, but I would like to extend to my Conservative colleagues that we've said that we're interested. We will do this. We have a few things that we need to address. Certainly next month there are dates open, and right now I'm thinking possibly three days.

The Chair: Is there unanimous consent to allow Madame Bourgeois to withdraw her motion?

Some hon. members: No.

The Chair: Okay, we will vote on Madame Bourgeois' motion.

Oui, Monsieur Ménard.

[*Translation*]

Mr. Serge Ménard: I have a problem and I need your advice. I'm not sure, but my wife may have shares in CGI. If she does, the number is very small, like someone who invests money in an RRSP. I know CGI; as many people know CGI in Montreal as Ogilvie or Mr. Fortier's other company, Bombardier. I don't really know whether I should abstain. I'm replacing someone today, and I have no idea—

•(1055)

The Chair: We'll ask our clerk. In my opinion, this isn't a very dangerous motion. Its purpose is to ask the Auditor General to examine the contract. It doesn't change much in the history of the world, except that the Auditor General will decide whether she'll examine the contract today, tomorrow, the next day or not at all. She could do it without this motion. I don't think it's all that difficult.

Mr. Serge Ménard: The motion could be introduced another time.

The Chair: I'll ask the clerk to give you a little more information.

[*English*]

I've asked the clerk to give us a ruling on Mr. Ménard's—

[*Translation*]

The Clerk of the Committee (Mr. Michel Marcotte): I'll be brief. In the Code régissant les conflits d'intérêts des députés,

[*English*]

the Conflict of Interest Code for Members of the House of Commons, an annex in the Standing Orders,

[*Translation*]

subsection 3(2) concerns private interests. What you're describing to me does not fall under the category of private interests, but rather under not furthering private interests, referred to in subsection 3(3). So you wouldn't be—

The Chair: —in conflict of interest.

The Clerk: —in conflict of interest, in light of what you've explained to us.

The Chair: Thank you, clerk.

[*English*]

Mr. Angus asked to speak.

Mr. Charlie Angus: I have no shares in CGI, but I am now an official fan of the Montreal Canadiens and I want it on the record that I detest my team, the Toronto Maple Leafs, and I will now be supporting the Montreal Canadiens.

My question is procedural. We had asked if there was unanimous consent, but it didn't seem to me that everyone was paying attention. So do we not have unanimous consent?

The Chair: No. Mr. Moore said no. He was very clear.

Mr. Charlie Angus: Are we going to vote, then?

The Chair: Yes.

Mr. Charlie Angus: Okay, let's vote.

The Chair: Go ahead, Mr. Casey.

Mr. Bill Casey: I have a point of order. Can I vote?

The Chair: I'm told that you cannot. While you are allowed to substitute, you cannot vote because you're not on the list of independents—

Mr. Bill Casey: I am independent.

The Chair: No, you are not on the list of associate members as an independent.

In the future it might be a good idea, when they do the list, to ask to have your name included as an associate member on whatever committee you'd like to—

Mr. Bill Casey: Thank you. I didn't even know I could do that. Thank you.

The Chair: Neither did I, and I was under the impression that you could vote, but the clerk tells me that you cannot. It's because you're not on that magic list, which includes just about everybody's name except yours and maybe one or two other independents.

Mr. Bill Casey: Thanks very much.

The Chair: I will call the vote on the motion.

(Motion agreed to)

The Chair: Thank you very much, ladies and gentlemen. We will be seeing you on Tuesday morning.

The meeting is adjourned.

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