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—
Chair

Mr. Derek Lee

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•(1100)

[English]

The Chair (Mr. Derek Lee (Scarborough—Rouge River, Lib.)): I see a quorum, colleagues, so I'll call the meeting to order.

We're continuing with our study of federal government procurement issues and, more specifically, access of small and medium-sized enterprises to the federal procurement process.

We have as witnesses today, from the Canadian Advanced Technology Alliance, Mr. John Reid, the president and CEO; and Mr. Charles Duffett, senior VP and chief information officer.

Before they begin, I'll point out that we have set aside one hour for this presentation, which I hope the witnesses will appreciate. That is a pretty good deal for a presenter, to have an exclusive hour in front of my esteemed colleagues here. At the conclusion of the hour, we'll be going to a teleconference with the U.S. Small Business Administration, who have been good enough to outline some of their programs for us.

In view of the fact that we only have an hour, that means a couple of things. One, I have to stop talking so we can get on with the presentation. Two, I'd like to suggest we shrink the first party rounds of questioning to five minutes from eight. Not seeing any objection to that, I'll just say that's how we'll proceed.

Having said that, I'll welcome the witnesses from CATA. That's the acronym. Mr. Reid, will you be making the presentation?

Mr. John Reid (President and Chief Executive Officer, Canadian Advanced Technology Alliance): I'll be doing the first part.

The Chair: Okay, great, you have the floor.

Mr. John Reid: My favourite question is, who is CATA? You may remember us from a few years ago. We were a little concerned about reverse options, so you know that when governments make a misstep we're fairly vocal and fairly engaged with the community, and we hope we're providing some good guidance. I think it's important to understand who we are compared to some of the other groups you've been hearing from.

In the not-for-profit sector, there are many special interest groups. I used to work for one, the Mining Association of Canada, and we addressed very specifically that vertical market in the interests of mining companies.

I would suggest that CATA is not a special interest group. We're basically a community, and our interest is to create the "innovation nation". The innovation nation is something Terry Matthews has

well defined. He's our national spokesperson, so you get a feeling for what our values are. He has created enterprises. He has walked the talk, so we really reflect everything that he understands in values within Canada.

We have to get our share of the production and distribution of goods and services. The innovation nation has many components, ranging from procurement to leadership to export sales, and that's what we're all about. We rank 14th and we're working to get us to first place, and procurement is one aspect of that.

With whom do we consult? In South Carolina right now, we have a group with BMW, Intel, and Cisco looking at the network vehicle.

What are the future technology needs, and how can Canadians supply into that market? We have a group called Women in Technology, working with the Status of Women, looking at how we can set role models for young Canadians and how we can advance the whole leadership among women professionals within the technology sector.

We're working with the National Research Council and the Canadian police forces to look at national security, not only the technologies but the methodologies, to make sure our transportation is safe and that we're a world leader in this area.

We also have Internet service providers as part of our group, and with them, we'd like to congratulate you on the spam legislation.

Many other areas deal with green technology, but it's not a special interest. We are really committed to Canada getting its fair share going forward, and that's how we're looking at procurement.

The second way we're different is that we value research. Our offices are located within the university, so when you look at us, you'll see major research projects, with PricewaterhouseCoopers dealing with performance management. We deal with the adoption of technology. We work with Microsoft on this. We have a professional research team that makes sure we follow the correct methodologies.

It's much too easy to be a special interest group and only advocate your interests. We think it's much more important to have context, in that you look at everything within context, which is what procurement is.

The next part, in addition to the research on biased approach, is that we line up experts who really don't have a self-interest, and we have, I think, one of the top CIOs in Canada. Maybe you've seen Charles's background: Alcatel, Nortel, health care industries, gold medal winner. When we do the research, we find an expert who is able to articulate that in an unbiased, clear way. I think that's good public policy direction, and that's what we're going to try to do today.

I'm not the expert in procurement, but I can say unequivocally that we have consulted across Canada. We've consulted a broad community. We've tried to be fair, transparent, and quite honest in our advice, in that we are not a special interest group.

Charles, with that background, I will turn it over to you.

• (1105)

Mr. Charles Duffett (Senior Vice-President and Chief Information Officer, Canadian Advanced Technology Alliance): Thanks, John.

Thanks very much for having us in. I hope this information is helpful.

We have the survey results, which we can go over later if you want. They are in your package with some of the information. I did not want to take up a lot of time going through that right now.

PWGSC in 2008, I guess, made a presentation and sent out a message about what they were going to do. The message stated, I think, that they had four pillars, one being GENS, and that they were going to bundle everything. That was the impression our members received. Of course, this wasn't received very well by our industry, except maybe by a few large integrators.

What followed that, shortly after, was the bundling of furniture. So they saw that the SMEs were not going to be able to compete because everything was bundled and it was so large. They really viewed this as favouring large international companies, and that was the feedback they gave us on our survey.

When we looked at the telecom network—and I have heard a lot about GENS and what is going forward—I thought it would be important for us to put our opinion forward, especially from the CATA members.

Most large companies did what GENS is planning to do years ago. It just makes sense. Look at the status quo. I don't know what the exact numbers are, but I am hearing that there are anywhere from 100 to 150 networks out there. I believe there are a large number of networks, because when I worked with the Department of Justice, I

put one in myself. I knew there were a fair number of them out there then that I would rather piggyback on, but I couldn't do it at the time.

When that happens, of course, you get a lot of redundancy and a lot of extra cost, and this is a big concern for me and for our members. It becomes insecure. It is open to hackers, attackers, and other governments to come in and attack our networks. I'll tell you that when I was with GE and looking at consolidating our networks, and with Abbott, we were attacked hourly, not just by people trying to come in and take a look at what we had but by people trying to steal things from us. So it is a very big concern.

There has been some confusion, and I just want to state CATA's view of this network. I have heard lots of people before using analogies, and I'll try one.

If you're in your house and you're looking for Internet connections, really, when you go out to look for an Internet company to give you service, you only have two, three, or four, depending on where you live, to choose from. There really aren't that many that are going to bring Internet to your house. That's because they can take care of all those things outside your house. They can connect you to all the various servers out there and the various networks. Anything you need to be connected to, they do it.

They also provide something called managed services, and they come bundled with your Internet. For those of you who have Internet, and I'm sure most of you do, one of your bundled services would be your billing. They send you a bill, and they tell you how much you owe. Sometimes they tell you how much bandwidth you've used—I know that mine does—and whether I need more or less. Of course, they fix problems when they go down on their side outside the house. Those are the kinds of bundled services they have, and they give a number I can call if my network isn't up.

That's how I see GENS. GENS takes care of that part. So instead of having the people in my house—I have five people in my house—having their own connections with all the different telcos, we have one for the house.

Inside the house, however, we could have another network, and this is not part of GENS. I could have a wireless network, and I could connect my son's Xbox, my daughter's Notebook, my desktop computer, and my wife's computer inside the house. I would go to any SME I want to have that put in. They could come and set up my network for me. I could buy a PC from any of these people.

That's where I see the difference between GENS and bundling that part outside and the part inside, and again all the applications that I see as SMEs play that role as well. Of course, it doesn't eliminate large companies from also playing in that area, but that isn't their field. SMEs play very well in that area.

• (1110)

What we see is that large telecom providers are very well suited to provide this outside network. There are only a very few of them. It's very capital-intensive. If they do that, with SMEs inside, we see this balance working very well.

With regard to bundling networks and the benefits to SMEs, just quickly, I think it does have balance. The SMEs now understand, if we have a network outside, what they're working with. That balance is positive.

Again, as I described in the earlier slide, the large telcos deal with that outside network that we need to secure, and the SMEs deal with all the other issues inside, from providing new security applications to modernizing. There's no reason why large integrators can't play in that space, either.

I want to move on to a few concerns about bundling that our members have. Outside the network that we just talked about, they certainly view anything that will get bundled as anti-competitive. If we bundle too much, they can't compete in it. They view it as favouring large companies.

In our first slide, we said that 97% of the companies in Canada are SMEs. I'm sure that in all your ridings and your areas, they depend upon being able to do business with various organizations. But for SMEs, when you bundle things, you create a very big RFP that they have to respond to.

I have been on the other side of this. I've been on both sides of this, in fact. From an SME's point of view, it could cost them tens of thousands of dollars just to respond to a large RFP. They simply don't have the money for that. And if they lose that one, they certainly don't have the money for the next one. What that really does is lessen the amount of Canadian companies that can deal with the federal government. That is the view our members have been feeding back to us.

I want to talk a little bit about the members' issues. They wrote out in our survey some of their issues. I thought it would be important to bring them up here. Some of them were a little bit surprising to me.

The first one was that procurement is needlessly slow and complicated in the Canadian government. They really see that it disadvantages Canadian SMEs, Canadian R and D companies in particular, and that Canada should make it easier for them to do business.

The also say—I thought this was an interesting point—that managers within the public service fear exercising their delegated authority because of too many conflicting rules and regulations that impede their progress. They fear that they will get in trouble. There are too many of these conflicting rules.

I've had other members tell me that directors general would not make the decisions because of all these conflicting rules, with other organizations having to review it and somebody having a different opinion on the regulation or rule. Yet the DG was probably in the best position of anybody to make that decision.

Some SMEs have abandoned altogether the idea to sell to the Canadian government, but they've successfully sold to foreign governments. This really concerns me. I'll give you an example of a company in Kanata.

I know about this company in Kanata. I went to see their technology and what they work with. They now make arguably the fastest computer in the world. It's faster than the Cray computer, which used to be the fastest computer in the world. They have taken into account big concerns in our data centres. Our data centres are areas where we put large amounts of computers. They take up an enormous amount of power and they take up an enormous amount of space. That power now is very expensive. It shows up in all of our budgets as a very big line item, as do real estate costs. We have to buy more real estate to house this in. Of course, that is very expensive.

This company has come up with a machine that takes about one third the power. It consolidates a whole bunch of other equipment into one and makes it very powerful—very good equipment to reduce the real estate and power costs.

I was told only about three weeks ago by a VC who deals with the company that the board has given instructions to the CEO not to bother trying to sell to the Canadian government anymore. In their view, it's a waste of time. It takes up too much energy, and nothing goes anywhere. I think they've been in talks for two to three years. But they've successfully sold four units to the U.S. government.

I think that's very disturbing. That's very concerning for us. If we want to see Canadian companies grow, we have to address those issues.

•(1115)

Canadian SMEs also see themselves as incubators of innovation and solution. You only have to look down the street and at what they're doing in Montreal in biotech to see how well that is moving forward. In Kanata you've seen Newbridge spin out lots of companies. Despite the demise of Nortel, people have found jobs in the other companies Newbridge has spun out. We can see the benefits of that.

On my last point, I made a mistake on the slide. It says that other countries have set-aside policies. I was mistaken on that. It's the term that was used to me, and after the slides went out I was corrected on what that was. As you can well imagine, I really wanted to steer away from the "set-aside" after I understood what it meant.

What they're really talking about is an innovation policy. Other countries, including the U.S., buy innovation products from innovation companies, and they have special policies to be able to do that. Our members are asking why we don't have that in Canada. It would really help them build successful companies.

I think SMEs play a positive role, and I won't belabour that. I think they provide good value for the money. One only has to look around this room at the BlackBerry's people have. RIM started out as an SME. If I drive away from my house and forget my BlackBerry, I turn back to get it. That's quite a difference from five years ago.

As John pointed out earlier, we like to pick on the government as often as we can, but we also want to bring a bit of balance here. We are encouraged by seeing a few things. I spoke about the statements that were made in 2008, but there's new IT management in PWGSC. We've had the privilege of talking to them, and they indicate they do not intend to bundle professional services. They truly understand the need for balance and for the outside network to be something that the large telcos do. They very much understand the value of the SMEs, and that's certainly the message we're getting back from them.

Not bundling professional services seems like the right thing to do. They want to listen, and I believe they have a tough balancing act for all the people they have to please, but we would simply like a document that states that. I think that's what makes our members nervous. We saw these statements being made in 2008. We haven't seen anything in writing recently, and they would like to see something in writing that says you're not going to bundle professional services.

A balanced approach for us is the right approach. On where the telcos, large integrators, and SMEs fit, I think there's a place for everyone, and Canada sees that as the right thing to do.

Last are our recommendations.

I think it's obvious we're saying not to bundle professional services. The Government of Canada should implement better procurement practices to help our SMEs and look at other countries, if need be, because we seem to be more successful selling to them than to our own.

The Government of Canada needs to continue with network integration. We think it's very important to get that outside network consolidated to reduce our security risk and the costs. As a taxpayer, I think it's a great idea. We need to improve PWGSC's

communications. From talking to them, I think they really want to do that as well. They want to get out and make it known what they want to do.

Another recommendation is to let managers manage. Keep it simple. Stop creating layers of bureaucracy, regulations, and new rules that impede the people who know what to do from doing their jobs.

Finally, buy from Canadian companies and make that easy.

Thank you very much.

•(1120)

The Chair: Thank you. You've covered a lot of very good territory. Thank you both.

I'll now go to members.

Ms. Hall Findlay.

Ms. Martha Hall Findlay (Willowdale, Lib.): Thank you, Mr. Chair.

I'll just reiterate, thank you for the presentation. It's very full and very helpful.

I first want to acknowledge a general support for SMEs. Certainly from my personal perspective, having worked in what used to be called the ISIT sector—that's dating me—both for very large companies and for a very large number of SMEs over the last 20 years, I understand very much what you're trying to do in terms of balancing. I'm very supportive of finding that balance, both for the companies involved, both large and small, and also for the government. I appreciate everything that you've done here.

I will just note that your concern about allowing managers to manage is interesting. When the Federal Accountability Act was brought in—and there are a lot of very good things about it—there were some real concerns at the time about establishing too many rules and too many restrictions, that this would in fact hinder the progress. So I appreciate the fact that you've raised that here, because it is a concern for a number of us as well...as we reach for our BlackBerry's to make sure they don't ring.

I have a large number of questions, actually, to ask you about bundling. I'm curious about your relationship and contrasting CATA with ITAC, for example. First, can I ask you—because we're in short rounds—when you talk about bundling, can you pretend we're really dumb for a minute and just give us an example in this particular example? So you're encouraging large companies to deal with GENS in terms of the large network piece. Can you give us a couple of concrete examples of where bundling specific services in this sphere would be a problem?

Mr. Charles Duffett: Sure. I can look specifically at IT, or we can look just across the board at various products.

• (1125)

Ms. Martha Hall Findlay: IT specifically.

Mr. Charles Duffett: What happens if we take bundling too far? For example, on GENS, it makes sense, and I think you understand why it makes sense, because we're trying to close down this network, especially under attack, and to reduce the cost. So those are the sorts of things, where there are really only three or four major companies that can do that. It isn't something SMEs can play in. They can't actually do it anyway; they don't have the capital infrastructure behind to do it.

But then we take the next step further and ask, now what can we bundle? Do we bundle all the switches or routers inside every government department? Is there an advantage to doing that? I think, for me, the answer is no. But there are advantages to having standards, to saying this equipment must talk to this equipment, and to set up those standards. To bundle everything and just give it to one company means that you're not going to allow the other companies to sell to the Canadian government.

I believe very much that we should have standards. A standard that I can think of is something as simple as on your desktop. When your desktop boots up in the government, it comes up with a standard government webpage, and you start there. There are also some standards on helpdesk tools that you could put on the machine. It doesn't mean making everybody absolutely the same, because every department has its unique needs as well, but there are a few things we could do better that are the same.

Again, there is no need to bundle more; just make it standard so they work with each other.

Ms. Martha Hall Findlay: Again assuming ignorance on the part of all of us—although I'll only speak to that ignorance for myself, not to offend any of my colleagues, who probably know much more than I—would that extend to things like software applications? I know you mentioned switches and routers, but for desktops, would that extend to the cabling? I'm just looking for other examples where there might be a concern about bundling or not.

Mr. Charles Duffett: I think our desktops are already standardized. Microsoft is taking care of that pretty well for us. That in itself is an issue, I'm sure. I think if you talk to cabling, I don't think there's a need to bundle that as well.

I think the question you have to ask is, if you say you're going to standardize this and do it with one company, and there are 10 companies in Canada that already provide to the Canadian government, are you satisfied that these other nine companies won't

be providing to the Government of Canada? That's where this becomes tricky, and this is where it's a balancing act.

Did that help?

Ms. Martha Hall Findlay: Yes, it did.

I know we're running short of time now, but I just wanted to say, with your comment about management and improvement in management, we actually have asked for a report from PWGSC—and I think we're expecting this report sometime this week—because of specific questions asked, why and how and wherefore. So we're a bit hamstrung. We're looking forward to seeing that report.

Thank you very much for your help this morning.

[*Translation*]

The Chair: Thank you.

Ms. Bourgeois, for five minutes.

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Thank you, Mr. Chairman.

Good morning, gentlemen. I am very pleased to see you here today.

I would like to come back to your presentation, Mr. Duffett, and specifically what you said about PWGSC's message. You were saying that the message is confusing and that previously, they had been saying that all IT SMEs would be bundled together.

Is that correct? Was that the wrong message?

[*English*]

Mr. Charles Duffett: Yes. Back in 2008, it was a previous group that came out and said that they had these four pillars and they planned to bundle everything. What our members said was, "Hold it, you're just going to bundle everything? You're going to take every piece of software and bundle it, and you're going to take furniture and bundle it?" That's how they did view it; they viewed it as everything being bundled at one time. Again, this was our members' view back in 2008, when those messages were made.

As I said, I've been talking to the new IT management over at PWGSC, and they don't seem to believe that at all. They're adamant in telling me that they do not want to bundle professional services, and they don't believe they should do that.

[*Translation*]

Ms. Diane Bourgeois: They do not think that is the case. But, have you any guarantee that it is not?

[*English*]

Mr. Charles Duffett: That's why we asked for something in writing. If we could have something in writing, it would make people feel much better.

• (1130)

[Translation]

Ms. Diane Bourgeois: Three points you make in your recommendations also struck me as important. First of all, you say: “Need to improve PWGSC’s communications”. Then, you go on to say: “Allow GoC managers to do what they were hired to do: manage [...]”. And finally, you say: “Buy from Canadian companies first”.

I would like to know exactly what you mean when you say that there is a need to improve communications.

[English]

Mr. Charles Duffett: Sure.

I think the need to improve communications is what we’re hearing from our members. There was just a lot of confusion about what was meant and what PWGSC was really trying to do. People still aren’t clear on that.

[Translation]

Ms. Diane Bourgeois: You also say: “Allow GoC managers to do what they were hired to do [...]”

What exactly is the problem? Who is preventing them from doing that?

[English]

Mr. Charles Duffett: What my members have been telling me is that they go to see a director general in charge of IT and they map out what needs to be done, and the director generals will know what to do.

I’ll give you one example. I know one director general who wanted a \$100 piece of software just to help him run a project. It took him five months to get that \$100 piece of software because he had to go through levels of bureaucracy to get it. It actually delayed a multi-million-dollar project because that was the tool they were using to help manage the project.

He was so frustrated. I can probably still hear him screaming. But it was just incredible. And it was a clerk who held him up, who read a policy and said, “This is how I believe the policy should be interpreted.” What he ended up doing was just going and buying it himself and he used it personally, because it took so long to get this thing done.

[Translation]

Ms. Diane Bourgeois: As I understand it, PWGSC is really the main problem. There is a lack of flexibility and effective communication within that department. Much of the problem also has to do with the fact that they don’t know how to communicate effectively with SMEs.

[English]

Mr. Charles Duffett: I’m not exactly sure what the problem is. This is in all departments.... I shouldn’t say all departments. These are in some departments that I’ve spoken to, where they just seem to say that there are layers of bureaucracy that they can’t get through. Where that comes from, I’m actually not sure.

[Translation]

Ms. Diane Bourgeois: However, there is the Office of Small and Medium Enterprises. Do your members have access to it?

[English]

Mr. Charles Duffett: John, I’ll turn that one over to you.

Mr. John Reid: As a matter of fact, I think we were the motivator for the creation of the small business bureau within PWGSC. The feedback is that their mandate and authority are rather weak, and they have not been able to communicate clearly government direction or opportunity.

[Translation]

Ms. Diane Bourgeois: So, they are part of the problem.

Thank you very much.

[English]

The Chair: *Merci.*

Mr. Warkentin, please.

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

I appreciate the witnesses coming in this morning. We appreciate your testimony before us.

We’re trying to get a handle on probably a number of complicated issues in this whole discussion of procurement. One thing that I just want to get clarified—and I think I understood that from your presentation—is that the desire to call for set-asides is not in fact something that your organization represents. If I could just get some clarification as to what in fact you intended to ask for, as opposed to what was written there, maybe that would be helpful for committee members.

Mr. Charles Duffett: That’s no problem.

The set-aside was something I put in, but I only found out later what it really meant. For us what it means is giving Canadian high technology companies—or SMEs in that space—the ability to sell their technology into the Canadian government.

Mr. Chris Warkentin: So in terms of opportunities, you’re a conduit to allow that to happen, as opposed to there being a legislated requirement that there be a space for these companies. I think what you’re asking for is simply to have the ability to come in at a competitive level, or to allow companies to come in and actually compete. I think you would find agreement around this table to ensure that government doesn’t close the doors to small companies because of their inability to bid on huge RFPs.

I just wanted to get that clarification, because I know CABiNET came before the committee as well, and there was some suggestion after they came that maybe we should have set-asides. But when I spoke to some of the principal stakeholders from CABiNET, they made it absolutely clear to me and to media representatives that they absolutely did not see set-asides as a positive thing for their groups or for the companies that are interested.

I'm not hearing it from you.

• (1135)

Mr. Charles Duffett: We do not see set-asides as positive either.

Mr. Chris Warkentin: That's something we're hearing resoundingly from every organization that's coming before us.

On the flip side, I think what we are hearing is some concern in terms of what the future holds. Where a number of changes have taken place—and I guess everyone's learning by trial and error—unfortunately over the last number of months and possibly years, there's been a sense that smaller companies have had a difficult time accessing government contracts. Maybe what you can elaborate on is the biggest concern, which is not about what has taken place so far, but about what possibly might happen in the future.

Mr. Charles Duffett: I think there are two points. It is difficult for them—and I gave you that example of the company in Kanata. They have a unique product—

Mr. Chris Warkentin: Maybe we can get some clarification. I don't know if you feel comfortable speaking on behalf of this company, because it is interesting for every member around this table to hear a story of a successful Canadian technology that isn't being implemented here in Canada.

Was there a concern that there had been no RFP ever calling for the particular product? Was it an issue that when they responded to RFPs, their technology was so much further advanced than what the RFPs were calling for? Do you know the details in terms of what their frustration was? Was it convincing government to be an early adopter of the new technology? What was the struggle?

Mr. Charles Duffett: I'm not intimately familiar with that side of it, but I'll tell you what I heard anecdotally, so that you can get that.

It was that this company produced this computer—and there is really no computer in the world that competes with it—and they brought it in. One of the departments said that they loved it and that it was exactly what they needed to reduce cost and reduce real estate space. They wanted to get one of these things in. They couldn't get one in on a trial, first, because doing so would have been perceived as favouring this company, and then you would have to allow everybody to bring in their equipment for a trial. The second point was that when they were asked to compete for it, there was no competition, so then they had to go back to other companies who could go out and try to piece this equipment together using other people's products to try to make something that looked similar. Making that happen would take well over a year.

Mr. Chris Warkentin: So your take was that it simply was in response to the bureaucracy and the larger government having policies that required competition. And in this case, all of these policies and requirements bogged down the system, reducing the ability of a company that seemed to be on the leading edge of a new

technology to.... There was just an inability for government to respond, possibly because of accountability rules, or any number of such requirements.

• (1140)

Mr. Charles Duffett: Absolutely. You've got it.

Mr. Chris Warkentin: Well, it would be interesting for us as a committee possibly to look at that. Maybe we can get some details, if you could provide them to our chair. Maybe the company and we can do some investigating behind the scenes to see if we couldn't just come up with.... This may possibly be a good case analysis for our committee.

Mr. Charles Duffett: Excellent.

Mr. Chris Warkentin: But I think what it highlights now is the frustration on the flip side, where smaller companies are providing services or other companies are providing technology that isn't as advanced. Obviously, I'm sure we'd hear from those folks if in fact there was an RFP that was streamlined, or that provided for this technology or the requirements this company could provide, and nobody else could even compete for it. So I'm sure we'd hear frustrated folks on the other side.

So these are the balancing manoeuvres that the Public Works folks, I'm sure, have to deal with every day. We have great respect for them and we feel for them, but I think you've highlighted a situation where all the rules in the world aren't protecting and ensuring that Canadians are getting the best technologies available.

Mr. Charles Duffett: I think the other point to add to that is to ask whether we are investing in Canadian companies. Are we making it easy to invest in those companies?

Thank you.

The Chair: Thank you.

Mr. Martin, for five minutes.

Mr. Pat Martin (Winnipeg Centre, NDP): Thank you, Mr. Chair.

Thank you, witnesses.

Mr. Reid, I noticed that in 2006 the Minister of Public Works, Michael Fortier, announced they were going to have vastly improved access for small and medium-sized businesses and that 40% of all government procurement would in fact be pointed towards, or made accessible to, SMEs. Have you noticed an appreciable difference in your ability to access procurement contracts since then? Does CATA feel the market is better for them in terms of accessing those contracts since that announcement?

Mr. John Reid: Obviously, there has been no improvement whatsoever, and the communications have actually further eroded confidence in the Canadian government as a market opportunity; hence, the story about more companies looking for their first sale outside of Canada.

So the intention was there, but what we hear—

Mr. Pat Martin: The announcement was there, but I don't know if the intention was there.

Mr. John Reid: Well, hopefully the intention was there and it just hasn't panned out.

Mr. Pat Martin: That's a big disappointment for everybody.

I'm not as clear as Chris on the problem with set-asides. I notice that in the United States they have a small business set-aside program that helps to ensure that small businesses are awarded a fair proportion of all government contracts. It works down there. Are you worried you'll be shut out of the big stuff if you're granted the small stuff? What possible reservation could you have about preferential treatment like that?

Mr. John Reid: Could I address that in maybe a little broader context?

What has happened in the U.S., if you look at the logic of this, is that you have very strong political leadership there on the value of technology to the economy. You have a cabinet of three people: you have a chief performance officer who sets targets and measurements; you have a chief information officer who looks at government modernization; and you have a chief technology officer who aims at modernizing the society, or creating the innovation nation, focusing on health care, public safety and security, and transformation. You have those three working together.

Mr. Pat Martin: That sounds like real leadership.

Mr. John Reid: If we were to look at that as a model within Canada, you must have guidance from the very top.

Mr. Pat Martin: Are you saying that the Office of Small and Medium Enterprises doesn't do those things?

Mr. John Reid: Not at all.

Mr. Pat Martin: Really? That's a disappointment.

Mr. John Reid: You just have to look at what our neighbour to the south is doing, and also at comparisons in Europe. We did a significant study on supply chains, with examples of how different countries are helping to create a richer fabric of small companies and large companies within their nations—with the small companies being part of large supply chains, but also with governments being a significant customer. So when Canadian companies go abroad, they'd be very proud to say they have a customer in Canada, and that's the federal government.

Mr. Pat Martin: That would be a vote of confidence, wouldn't it?

Mr. John Reid: But we're just not hearing that. It's just not there.

Mr. Pat Martin: I can see that would be very helpful to have on your list in your portfolio, that one of your clients is in fact the Government of Canada. It adds great credibility to your presentation.

I'm delighted to hear the last point you're making: buy from Canadian companies first. One of the procurement problems we've

run into—not in the high tech sector but in the acquisition of troop carrier buses for the Canadian military—is that there are only two manufacturers of these buses in Canada, one in Quebec and one in Winnipeg, where I live. And there has to be three for the made-in-Canada policy to kick in, so they bought German. All our NATO allies get the message that if you want to buy a good troop carrier, you should buy German, because that's what we did, even though Quebec makes great buses and Manitoba makes great buses. This is appalling.

So there's something clearly broken in the three rule to prove competition.

● (1145)

Mr. John Reid: If I can add this too, we're in unique economic circumstances, and you can count on it that every other country is going to be vigorous in the amount of industry it engages with and keeps as part of its national economy. I mentioned the automotive industry. People are thinking about the old car technology. It is a significant technology opportunity. There's a different methodology and technology for gas stations. I was meeting with the Ontario government. They're trying to get that located in Ontario.

So we have to be very progressive and aggressive in getting some of those technology industry jobs in Canada as a base, because when the economy turns around—and it will—what are we going to be left with? I mentioned that I work for the mining industry; it's in the ground. We have to get different things in the ground, and the best way to do that is to have customers, to have leading clusters. Maybe it's green technology, maybe it's automotive, maybe it's different applications, but the number one thing is that we should be a proud customer of many Canadian technologies, and we're not. And we should aggressively pursue and negotiate with the multinationals that work with us to expand their R and D mandates to give them access to those innovation tax credits. And there are difficulties there too. We're meeting with the CRA on Thursday, because we're not delivering those efficiently.

The difference between Canada and other groups is that we're very much for the innovation nation. This is not an appeal for a special interest group. We want to see other flagships in this country 10 years from now, and the mix of policies, conditions, and terms we've set out now within the nation is simply not good enough.

The Chair: Thank you, Mr. Martin.

We have approximately ten to twelve minutes left before we break. We'll have to suspend in order to set up the transmission.

However, if we have twelve minutes, that would allow for three four-minute rounds. So I'm going to suggest we do that, and I would recognize Ms. Hall Findlay, Monsieur Roy, and Mr. Warkentin, each for four minutes, pretty strict time.

Ms. Hall Findlay.

Ms. Martha Hall Findlay: Thank you very much.

Could you give us a specific description of what you don't like about set-asides? I know my colleague asked, but if you can just say "we don't like them because", that would be great.

Secondly, your alternative was that you want more opportunities. Just some concrete suggestions on how to create those would be great.

And then some concrete suggestions.... OSME is not doing enough, does not have enough of a mandate. It's the same thing: if you can provide some concrete recommendations—all in less than four minutes—it would be very helpful.

Thank you.

Mr. Charles Duffett: I think you should take the first one, John, if you can.

Mr. John Reid: I was going to take the last one: the office of small business—why can't it have a mandate to actually be a test bed of some new Canadian technologies? Experiment with them; see how they work; be a customer.

Secondly, why don't they engage in communications, if you give them permission to do so, so we can remove the uncertainty and ambiguity in the marketplace? We would use our database of 30,000 to help communicate those messages. No one ever calls us to work with us to improve the communications. They do within the CRA, where we're educating on tax credits. Why wouldn't you call one of the largest high tech communicators in Canada, probably the largest, to work with us?

I don't want to get these calls from my members with complaints and concerns, asking what we're doing about them. I'd much rather be an ally and a partner, and that would be good.

Charles, I'll pass over to you now.

Mr. Charles Duffett: On the question about encouraging Canadian technology—and I think John hit it—I'd give them the opportunity. Part of the mandate of the PWGSC would be to bring in this equipment or technology they're using, have a place for them to purchase it, and to review the product and make a recommendation on it.

Ms. Martha Hall Findlay: And then, finally, why we don't like set-asides.

Mr. Charles Duffett: I don't know that much about set-asides. I'd like a policy that encourages Canadian technology. That's what I'd like. I see technology as a huge wealth creator. If you can get that machine running and keep it running, it creates a lot of wealth in Canada. Whatever you can do to do that would be a great thing.

My understanding of a set-aside is that it's very limiting for companies. It could be that if you set 20%, well, maybe they could do 80%. To me, setting a limit seems to be the wrong thing to do. But again, I'm not an expert on set-asides.

• (1150)

Ms. Martha Hall Findlay: I think it's part of the group's desire to support SMEs where possible, in the larger context of the government having to be efficient both in terms of getting the job done, but also cost-effectively.

We did ask representatives of ITAC—a couple of whom in their other lives had represented large companies—about set-asides. They were very open to say they'd be more than happy if that was a requirement in an RFP, but in some cases that might increase the cost of the program.

We're not at this point deciding whether the government should be willing to incur greater costs, but we have been having that discussion. I just wanted to follow up and hear your perspective.

Are we running out of our four minutes?

Mr. John Reid: Can I pick up on that?

The Chair: You have 20 seconds.

Ms. Martha Hall Findlay: You can have the 20 seconds.

Mr. John Reid: You mentioned that it may incur a greater cost. Really, the guidance in the context should be value. It might cost more, but the value in terms of creating technologies, export earnings, customers is more than just cost. I think you have to keep that in mind at all times.

Ms. Martha Hall Findlay: Thank you very much.

The Chair: Thank you.

Monsieur Roy, quatre minutes.

[Translation]

Mr. Jean-Yves Roy (Haute-Gaspésie—La Mitis—Matane—Matapédia, BQ): Thank you, Mr. Chairman.

Earlier, I was listening to you when you described a firm in Vancouver that has invented a new system. I also have an example of something that has been a great success. It involves a firm on Vancouver Island that has developed a system of dockside monitoring of fish landings. Using cameras, this computer system is able to carry out remote monitoring and determine the exact size of the landed fish, the species, and so on. Fisheries and Oceans supported that firm in that project. It is a pilot project.

In your notes, you say: "Managers within the public sector fear exercising their delegated authority". I am not sure about that. Let me give you an example. Why was it decided, at one point, that Public Works and Government Services Canada should merge? I put that question directly to the Deputy Minister. Public Works and Government Services Canada have been subject to the same cuts, in terms of their operations, as have all the other government departments. At some point, its ability to manage and deal effectively with a larger number of firms is bound to be severely affected. So, the solution, given the lack of staff and the cuts that have been made year after year, is to deal with as few companies as possible, so that you end up having less work.

My perception of what Public Works suggested to us is that, if you are only dealing with one company or with two or three companies, there is a lot less work involved than if you have to deal with 200 or 300 of them. It is as simple as that. Also, Public Works and Government Services Canada is currently having problems recruiting staff. So, in addition to the cuts that have been affecting them for years, departmental employees are unable to bring in new staff to manage procurement. As a result, a kind of panic has set in. I do not think it is because of a lack of good will, but I do think the message in that regard has been anything but clear.

I would be interested in hearing your views on that.

[English]

Mr. John Reid: I have just a couple of thoughts there. I think if we looked at the employment growth within Public Works over the last 10 years, there would actually be many more people within the organization than fewer people.

If, when everyone woke up in the morning, they looked at their jobs as to how they could stimulate the economy, that would be a good mindset to have. Part of that is giving them discretion and authority. You have difficulty attracting young talent and motivated talent if you don't have the right culture. I know that's being looked at by Kevin Lynch, whom I've known for quite some time.

Actually, it's a fairly complicated answer to your question, but I think it's a serious concern. You have to get the culture right. Part of that is addressing the point that Charles made about giving the managers authority and then creating a mindset that is far, far different from what we have today. I think you'd have much higher rankings in terms of job satisfaction. I think you'd have many more companies that count the government as a customer. I think we'd all be in a much better place two, three, four, or five years from now.

•(1155)

[Translation]

Mr. Jean-Yves Roy: In fact, you are telling us that the problem at PWGSC is that the culture of the department is such that it simply cannot work effectively at the present time.

[English]

Mr. John Reid: Would you agree, Charles?

Mr. Charles Duffett: I don't know about that one.

John?

Mr. John Reid: If you did a 360° review.... I mean, I don't have the results. I would do that. I would do a 360° review and then you would hear how people feel about their jobs, responsibilities, and job satisfaction. I would only be surmising, but I have a few family members who work for different ministries and I think the work Kevin Lynch is doing in looking at the culture is very important. That will solve a lot of problems and get the skill sets and smarts you need to make the right decisions.

The Chair: Mr. Warkentin, you have the last four minutes.

Mr. Chris Warkentin: Thank you, Mr. Chair.

I think I'm coming to an opinion of my own as we continue these talks and have these discussions. The opinion I'm developing is the sense that government, by its nature, specifically maybe this department, has become very risk averse. It seems, possibly because of past events, that everyone is averse to risk. There now seem to be a set of policies and a framework that ensure that risks aren't taken and that there's no chance things might fail.

Of course, we all know that when we're thinking about innovation, development, creating value like you've talked about, and investing in or contracting to companies that don't have a proven track record with technologies that have proven track records, there's a possibility of risk. These may be some of the limiting factors, so maybe it isn't an issue of set-asides.

When I hear of set-asides, I get a little concerned, only because that doesn't allow for the innovation and creative spirit that are unleashed by small businesses, something that I was part of and something that I know many people within the small business sector are. I believe strongly that this is going to be the real saving of the economy, that the stabilizing factor and also the impetus for saving the economy are going to come out of the small businesses, because they're going to come up with the new ideas, the new innovations, and the new products.

Maybe you'll just comment in terms of the risk factor. Obviously there's risk involved. In many cases, there may have to be a change in the framework of the rules when it comes to even competing for these contracts, because I think you've identified certain circumstances where there is possibly only one provider for a particular product. How can we move to address that and still address the desired outcome for competition in these contracts and the rest of it? It's a big issue, but maybe you could comment in terms of the risk issue.

Mr. Charles Duffett: Sure.

The way I see it is that there's risk in everything, and there's risk not only in the government but in the private sector as well. We take these risks and we take these chances, but I think that in the private sector we tend to build it in and say that the reality is that you just have to take these risks.

It's like some of the scandals that happen. There are always bad apples, but to me they always represent 2%. What we want to do afterwards is put on so many rules and regulations and layers of this stuff, but we just impede the 98% who are actually doing a good job or want to do the right thing. We just over-rotate on it and we kill their ability to manage. That's what we're saying.

Earlier, we also brought up the point that we can't find talent. Someone brought up the point that in the federal government it's hard to recruit talent. You should look at your own staffing requirements, because if you wanted to hire Bill Gates, the founder of Microsoft, you couldn't hire him. He doesn't qualify.

Mr. Chris Warkentin: Well, I think that's something we may want to look at further. I think it is probably a larger issue and possibly doesn't concern procurement. It's probably an issue that is government-wide, and I know colleagues around the table share concerns that we don't want to see a culture permeating the civil service to the extent that we don't have the ability to provide the services and the innovation that Canadians desperately need and deserve.

Thank you.

• (1200)

The Chair: On behalf of all the members, I also want to thank you for coming out. I think you've managed to address most of the spectrum of issues the committee is dealing with in this set of hearings, so we thank you very much for that.

I will suspend the meeting now while we put in place the hook-up to our friends in Washington.

Thank you very much. You may withdraw now.

• _____ (Pause) _____

•

• (1205)

The Chair: We're on now. Good.

Hello, Washington.

Mr. Joseph Jordan (Associate Administrator, Government Contracting and Business Development, US Small Business Administration): Good afternoon.

The Chair: We'll reconvene the meeting then.

We're back in order, colleagues, pursuing our study of the federal government's procurement process, in particular with respect to small and medium-sized enterprises.

At this point, we are delighted to have as a witness Mr. Joseph Jordan, who is the associate administrator of government contracting and business development with the United States Small Business Administration.

I understand that following the election and inauguration of the new President there has been some turnover in much of the U.S. administration, and there are a number of people in the administration there who have come in with a whole lot of experience. We're delighted to have them assist us today with many of these issues.

Mr. Jordan, our Canadian infrastructure dealing with small business is probably a lot less robust than the American model, so we're very interested to hear how your model is operating and any advice you can give us as we address this continuing question of how we manage to allow small businesses to compete with the big businesses in federal government procurement, stimulate the small business sector, and stimulate innovation, etc. Anyway, I understand you'll be able to make a presentation.

Mr. Joseph Jordan: Yes, I was going to give some opening remarks and then leave it open for any and all questions that you may have.

The Chair: That's great. We have just about an hour, if you have that long.

Please go ahead right now.

Mr. Joseph Jordan: First of all, thank you for inviting me to participate. It's really an honour and a privilege to be able to discuss small business procurement and what we're doing here and how we've looked at things from inception to where we are now. I only want to give some brief opening remarks with a little bit of history and also how we approach small business procurements. So thank you again.

I am Joseph Jordan. I'm the associate administrator, government contracting and business development, here at the U.S. Small Business Administration.

As spending across the U.S. government has increased over the past several years, the dollars going to small businesses have also risen. In fiscal year 2000, small businesses received \$44 billion in contracts out of the \$200 billion in total federal government contracts. In fiscal year 2007, that number has grown to \$88 billion out of the \$400 billion total. The SBA is working very hard to see that number increase even more in the future.

One note before we go further is that your invitation had mentioned both small and medium-sized entities. The U.S. government doesn't recognize specifically medium-sized firms. We create size thresholds for small businesses, but consider every other entity to be other than small. That's one small point I wanted to clarify up front.

To quickly outline and explain the history of the SBA, I want to talk a little bit about our goals and objectives and how things are structured.

The SBA was established in the 1950s to shore up the U.S. industrial base for both national security and economic reasons. One of the key methods was to ensure that small businesses were given a fair share of access to government contracts. Over the last five decades, as government spending has increased dramatically, small business participation in government contracting and ensuring their participation is even more crucial.

In the area of procurement, having a single government entity devoted to small business is extremely important. The government has a single source for policies relating to defining the size of small businesses, what fair participation is, and certifying that certain firms in socio-economic categories do in fact belong in those categories.

The SBA has the standing to talk directly to other federal agencies about their procurement practices, and the ability to get White House involvement if there are any disagreements. The policy of the U.S. government is that small businesses should have the maximum practicable opportunity for government contracts. It is SBA's mission to foster that environment and ensure that small businesses are receiving their fair share of government contracts.

The SBA office of government contracting works to achieve those goals in five ways: first, working with other federal agencies to ensure that their policies and procedures take small business concerns into account; second, working directly with small businesses on education and training to increase their marketability as government contractors; third, educating small business and government agencies on how best to work together; fourth, utilizing technology to foster and streamline these relationships; and fifth, promoting transparency within our programs and our data.

A few of the areas I mentioned overlap, and I want to quickly detail them in my following comments.

There are several ways in which we work with the other federal agencies. First of all, in terms of creating goals for small business participation in federal contracting, the federal government has statutory goals for small business participation: achievements measured in the percentage of dollars spent by the government. The government-wide goal for small business dollars is 23%, with several sub-goals for certain socio-economic categories. The Small Business Administration is responsible for negotiating these individual goals with each agency, keeping the statutory government-wide goals in mind. Results of each agency's small business spending are reported every year in the Small Business Goaling Report, which is released to Congress and the public.

We also have a score card. The SBA produces an annual small business procurement score card, based on the government's small business achievement. Each agency is assigned a score, such as red,

yellow, green, or a numerical score based on whether or not they met their individual small business and socio-economic goals. Agencies are also assigned a progress goal and given some credit for improving their achievement, even if they didn't fully achieve the ultimate goal.

• (1210)

SBA is also the single authority within the government for determining size standards for small businesses. There is a staff within the office of government contracting solely dedicated to monitoring and analyzing industry trends to determine the proper threshold for a small business in each of the North American industry classification system, or NAICS, codes.

This is the only entity within the U.S. federal government that defines the size of a company. There is no designation, as I said, for medium or large firms. A company is either small or other than small.

We also have procurement centre representatives, or PCRs as we call them. These procurement centre representatives are individuals who are placed within buying activities and are responsible for reviewing procurements to ensure that unjustified contract bundling is not happening, and that small businesses have maximum opportunities for contracts, both prime contracts and subcontracts.

The SBA handles company protests and determines whether a particular business qualifies as a small business or as a service-disabled veteran-owned small business, under the existing standards set forth in the Code of Federal Regulations, when an interested party protests the size status of a business responding to a government solicitation that's either a small business set-aside or a service-disabled veteran-owned set-aside. And I can go into the different socio-economic programs more, at your request later.

We also have a natural resources sales assistance program. The U.S. federal government sells large quantities of natural resources and surplus real and personal property authorized for sale in accordance with public law. The SBA cooperates with other federal agencies to channel a fair share of this property and these resources to small businesses.

The SBA also works directly with small businesses to make sure they are aware of contract opportunities and they are ready to compete for them. Through SBA's vast network of field offices and resource partners, we are able to educate numerous small businesses about the opportunities in federal procurement. Many small businesses outside of the national capital region are not as aware of how much the government is spending and that they could sell their products or services to the government.

Through that same network, SBA is also able to conduct training sessions for small businesses on topics ranging from how to market yourself to the government to how to find procurements in your industry or how to win additional work. Commercial marketing representatives, or CMRs, are SBA individuals who work with the largest prime contractors to assist them in achieving the various small business goals in their subcontracting plans. They also work with small businesses to match the small businesses' capabilities with the prime contractors' needs to create these subcontracting plans.

We also heavily utilize technology to achieve our small business objectives. The integrated acquisition environment, or IAE, is a network of several IT systems related to procurement. The government puts nearly all procurement information online now through a collection of these inter-agency systems. Everything from the original bid solicitation to vendor information to the details of the actual award is online and searchable, and the SBA is an active participant in the governance and maintenance of all these systems.

All solicitations are posted to the Federal Business Opportunities website, and any vendor is able to search by agency or type of work or other criteria to see what contracts are out there they should be competing for.

All vendors must be registered in the central contractor registry to obtain federal procurements. This system includes SBA's dynamic small business search and has all the relevant socio-economic and size standard information so the agencies can find the small businesses that can provide the goods and services they need. We also report out the information through the federal procurement data system once a procurement award is made.

Transparency is another issue that's very important. All the systems I mentioned above are available free of charge to the public, and they're all searchable, though some require pre-registration.

There has been heightened attention to procurement integrity in recent years, particularly due to the increased access to all the information in the systems I mentioned above. The press and the public have vastly more information about federal spending than they ever did before, and many more questions are being asked and more accountability demanded as a result. Increased transparency and accountability is good news for small businesses, as most of the public agrees that small businesses should get a fair share of federal spending.

Increased transparency has also increased vendors' ability to do business with the government. Vendors are able to constantly view solicitations and awards occurring in their industry, the press is able to review trends or spot inconsistencies in practices, and the public is able to see how taxpayer dollars are being spent. If a vendor does not win an award, they can seek a debriefing with the agency and have

the selection committee go through their proposal with them, pointing to areas that can be strengthened or where a mark was missed.

Anecdotally, we've heard from small businesses that this process, while perhaps not pleasant, is very useful in learning how to do better next time.

I know that was a lot of information. That does conclude my opening remarks. I want to thank you again for the opportunity to speak before you all today, and I welcome any questions you may have.

• (1215)

The Chair: Thank you very much for your presentation. It has raised a whole lot of interest around the table here.

In my opening remarks I failed to congratulate you on your recent appointment, so I do that now.

Mr. Joseph Jordan: Thank you very much.

The Chair: I'm going to turn to Ms. Hall Findlay, and I think we'd best stick to five-minute rounds here, as we did in the last hour, if that's okay with members.

Ms. Hall Findlay.

Ms. Martha Hall Findlay: Thank you, Mr. Chair, and thank you very much, Mr. Jordan, for helping us today.

Just as an aside, in a past life I helped a number of clients with procurement in the United States, both with the federal government and with a number of state governments, and I have to say that in most cases I came away impressed with the process, in particular with the transparency aspect of it. I'm particularly glad that you're here today to help us out.

I have a couple of quick questions. You don't have a medium-sized enterprise category. What is your threshold? What is a small business, in your world?

Mr. Joseph Jordan: I certainly anticipated that question, but it's a somewhat complicated answer, in that there is no one threshold for small businesses. It depends. In each of those NAICS codes, those North American industry classification system codes, the threshold may be slightly different. For example, dress manufacturers and shipbuilders are going to have different threshold sizes within those industries for what qualifies as small or other than small.

Two factors can be considered, and the one we use depends on the industry. It's either the number of employees or revenue. Very frequently, people will refer to a small business as any business with fewer than 500 employees. That's a general anecdotal type of threshold, although, as I said, each industry is going to have a different threshold.

I can very easily follow up with you and provide you, industry by industry, with the cut-offs between small and other than small. If that would be helpful, I'd be happy to follow up with that.

•(1220)

Ms. Martha Hall Findlay: There's probably no need, because in our world, both categories in our SMEs tend to fall under the 500-employee threshold. I'm interested that you actually have different factors in your determination.

We have had a number of discussions and a number of meetings here about how to help small businesses. Your description of some of the things you do is very helpful. We have had some pro-and-con discussions about set-asides for federal contracts. You seem to do this, and you seem to do it effectively. Can you briefly tell us what you do, whether and why it is effective, and whether you have any concerns that have arisen from the process?

Mr. Joseph Jordan: I sure can.

We separate their goals. There's a goal for small business participation in contracts government-wide; that's the 23% I mentioned. There are also four sub-goals: 5% for women-owned small businesses, 5% for small and disadvantaged businesses, 3% for service-disabled veteran-owned small businesses, and 3% for what we call HUBZone businesses, which are historically underutilized business zone businesses.

Now, those are goals, but there aren't necessarily set-aside programs with each one. The tools to achieve those goals are different by category. We do have set-aside programs for service-disabled veterans, for small and disadvantaged businesses, and for HUBZone companies. When two or more small businesses may compete for any contract, it should be set aside for small businesses.

The use of the actual tools within each category is slightly different. I just wanted to make that distinction somewhat, because in preparing for this, I read some of the past testimonies of individuals in front of your committee, and occasionally the percentage goals and the term "set-aside" had been conflated.

Some of the challenges we face include educating the agencies—each individual agency, down to the actual individual contracting officer—as to when a set-aside is appropriate to use. We don't put pressure on them to choose a particular program or to strive for a particular goal when multiple categories would qualify for that procurement, but we want them to, first of all, set aside for small businesses and then look at the socio-economic categories in groups

to see if any of those are the most appropriate to focus on for that procurement.

Some of the challenges, again, include educating them and helping to give them the information, because the regulations and the statutes can sometimes be burdensome on both the agencies and the small businesses in terms of understanding how to compete most effectively. I'm sure this is true with any government. That's where the challenge comes in.

Ms. Martha Hall Findlay: Perfect.

I have more questions, but we'll get you on the next round. Thank you very much.

The Chair: Thank you.

I'll recognize Madame Bourgeois, *pour cinq minutes*.

[*Translation*]

Ms. Diane Bourgeois: Thank you, Mr. Chairman.

Good morning. I hope you have access to interpretation.

Based on what you have been telling us, the SBA seems to be working very smoothly, without any issues. Do small businesses sometimes tell you about the problems they are encountering and the nature of those problems?

[*English*]

Mr. Joseph Jordan: Thank you very much. I appreciate your characterization of the SBA, but I do assure you that we have our challenges. In government contracting particularly—and I carve that out because the SBA also does loans and entrepreneurship education and a number of other activities—some of the challenges we face are around how to most effectively implement the contracting programs our legislative body has passed in the statutes.

Since that was what you asked, small businesses most often come to us, from their perspective, with concerns around how they can become qualified in any of the set-aside programs that exist. Getting them the information so they can line up their documentation and comply with all the regulations is sometimes a challenge.

Also, we have certain programs—I mentioned how the SBA handles protests for size standards, whether or not a business is small or other than small, and also for the service-disabled veteran-owned small business. The reason we handle those protests is because we don't, up front, certify companies into that program. It's a self-certifying program.

Then if a party, either the person who finishes in second place in a bidding or another aggrieved party with standing, comes to us and says that wasn't a small business or they knew the ownership and control of this business, and they are not owned and controlled by service-disabled veterans, we then go through handling that protest and that process. So that presents some challenges.

Also, just as an overarching challenge, in any program where you have large federal procurements going on and you have significant dollars flowing through them and you have preferential tools such as sole-source authority, set-aside programs, price evaluation preferences, you're going to have a risk of unscrupulous people taking advantage of those programs through some fraud and abuse. It's a constant challenge on our part, through the things like the technology, training, updating the regulations, to stay on top of that and make sure we're helping the right small businesses and the small business community at large.

• (1225)

[Translation]

Ms. Diane Bourgeois: As I understand it, the SBA is there to support, advise and assist small business. One would add that the Administration might even go out and find money to assist small businesses, as well as defending their interests. So, everything is concentrated in your shop; there is no intermediary.

[English]

Mr. Joseph Jordan: You're right that a lot of this is concentrated in the SBA. The banks are the intermediary for our loan programs. So the SBA will guarantee a certain threshold of the loan and participate in the processing and approval process there, but the banks, the private banking system, actually issue the loans.

I can get more detail on that. It's not my particular area of expertise. That's one area where we work hand in hand with the private sector to achieve our goals. In many of the areas we talk about, the education components, the people—we have a field staff of just about 1,000 people and the structure stretches throughout the country. All those are done directly through the SBA.

[Translation]

The Chair: Thank you, Ms. Bourgeois.

Mr. Gourde, you have five minutes.

Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC): Thank you very much, Mr. Chairman.

I want to welcome our witness this morning.

You referred earlier to your goal of 23 per cent of procurement being set aside for small business. Can you tell us whether that is a mandatory goal and if it is met by all government agencies; also, if an agency does not meet that goal, what action is taken then?

[English]

Mr. Joseph Jordan: Well, sir, you've hit upon the crux of my challenge in my job. Again, these are goals, but they're not necessarily set-asides. There's a slight difference. The set-aside is one of the tools we use to achieve the small business contracting goals. They're not compulsory in that there is no specific punishment for not achieving them. They are goals we would like to achieve and exceed, but that is not always the case. They apply to all federal agencies, although there are a few areas that are not subject to what we call the federal acquisition regulations, for a number of reasons, whether they be security-related or other reasons.

So how do we help the agencies achieve the goals, and what do we do when the goals are not achieved?

On the first part, we work with every agency to set their individual thresholds in each of the small business categories. That's for small business overall, which you correctly said is 23%. But then there are also the subcomponents—5% for women who own small businesses; 5% for small disadvantaged businesses; 3% for HUBZone businesses, and 3% for service-disabled veteran-owned small businesses. We work with them to set individual agency goals, depending on what they're going to procure in the coming year and how they foresee working with small businesses, keeping in mind that the government as a whole needs to hit that entire number.

What do we do when the agencies do not achieve their numbers? That is something we're continuously looking at. What we do now is publish the score card so that people know which agencies have successfully achieved their goals and which agencies have not, and we then follow up. Any agency that does not achieve its goal must submit to my office a plan for how it is going to achieve the goal in the future. We then evaluate those plans and work with them to try to help them be in a position to achieve their goals going forward. But there's not a clearly outlined punishment, so to speak, for not reaching those goals.

• (1230)

[Translation]

Mr. Jacques Gourde: Mr. Jordan, do you have a policy on bundling? If so, what are the terms of that policy?

[English]

Mr. Joseph Jordan: We do. That's one of the chief responsibilities of the procurement centre representatives I discussed. These are people out in the field, at either large military installations or at agency locations, where many contracts will be issued from. These procurement centre representatives review each contract that comes through to say that, yes, it was set aside for small businesses, so that's fine, or that no, it wasn't, but the agency has shown us the market research that says small businesses could not perform this function or could not provide this good.

Also, on the contract bundling issue, if they see a contract that's over a specific size, and it looks as if it's a bundling of a number of small buying activities that small businesses either did in the past or could do, in our estimation, we will protest. And we will have discussions with that agency about how they're going to break that apart or create appropriate subcontracting plans in each of those sub-areas so that the small businesses get a fair share of that procurement. Sometimes bundling is allowed if they can demonstrate a measurably substantial benefit or if there's another unique but valid reason. But in the vast majority of cases, we will review and put a hold on that contract until we've worked out a satisfactory solution between the agency and the small business needs and concerns.

I can give you more information in the future, as you would like, about the tools we use and how we evaluate whether a contract has been bundled. But at its core, that is the function.

The Chair: *Merci, Monsieur Gourde.*

We'll have Ms. Hall Findlay for five minutes.

Ms. Martha Hall Findlay: Thank you, Mr. Chair.

Mr. Jordan, in our earlier session today, which you may not have had a chance to hear, we heard some interesting suggestions from an office of small and medium enterprises that we have within our public works department. There are some concerns that it hasn't really been doing enough for small and medium enterprises.

One of the suggestions that came up today was to have our office of small business within the government act as a bit of a test bed to encourage smaller enterprises—this was in the context of information technology, and high tech companies in particular—when there might be a concern within government about engaging and contracting with a small business with perhaps less tried and true technology, for example. This is all in the context of encouraging innovation. The suggestion was that the office itself act as a bit of a test bed, to offer the opportunity for companies to try out their technology before the decision is made whether to contract with them or not.

Is that something that you do? What are your thoughts on it?

• (1235)

Mr. Joseph Jordan: You've raised several very interesting points within that question.

The first is that there's a real education and outreach component to what my office does, in terms of going to the agencies and helping them understand and realize that small businesses can really provide the highest-quality, most innovative goods and services out there.

There is a risk aversion, I would call it, for lack of a better word, that sometimes leads them to prefer a large business, and it is a prime function of my office to help educate them. As you know, there are also all of these small businesses that can do these things, and you're not taking on more risk, necessarily, by using them and are often getting a much better product or service.

In terms of proving this out through the SBA or the OME, we do some of that. In an informal way, the SBA is one of unfortunately few federal agencies that consistently hit a number of the small business procurement goals. That is a testament to the fact that, one, there's motivation to find small businesses that can provide these goods and services at the SBA; two, once you start down that path and reap the rewards of these high-quality goods and services from the small businesses and get away from the mentality that only a large business could do X, Y or Z, it's a self-fulfilling prophecy, and you do more and more of it; and then three, we have set up some more formal ways for that last piece we talked about—proving the concept, proving the technology.

For example, we have a program called small business innovation research, the SBIR program. It's a grant program under which federal agencies that have a research budget over a certain threshold must allocate 2.5% into this program. It gives, phase one, awards for proof of a concept; phase two, grants that are slightly larger in dollar amounts to bring the technology along; and the goal is to get all of the participants through phase three, which is commercialization of their technology or their good, their product. The SBA is tasked with overseeing the program and making sure it's running effectively and that agencies are playing by those rules.

Those are a few different things that try to get at what you were asking. I can follow up on any of them, but I hope that was somewhat helpful.

Ms. Martha Hall Findlay: It's very interesting, actually. Thank you very much.

To clarify, when you talk about the agencies, it sounds as though each one has a budget that they have to use for working with enterprises that have products or services or technologies that are not yet commercialized anywhere else.

Mr. Joseph Jordan: It's more on the research part rather than the procurement part. The goal is to get it to the procurement part. But there are, I believe, 11 agencies whose research budgets are over the threshold at which they need to set aside that 2.5% for this program.

In terms of the procurement, those goals, at 23%, and the individual goals that we set with each agency still apply, but they're not statutory as that other one is.

Ms. Martha Hall Findlay: Finally, do you find that this actually works?

Mr. Joseph Jordan: It's a tricky one to answer, because I don't know what the alternative would have been, what the state of affairs would look like if these didn't exist. I certainly think it's incredibly helpful or I wouldn't be doing this, but we're constantly looking at ways to improve them.

Do I think they're good programs, and that the goals are good things to have, and that they encourage more small business procurement than would otherwise happen? Yes, I do.

Do I think we have the numbers exactly right? Do we think every program operates perfectly? Unfortunately, no, that may not be the case.

I mentioned at the beginning that the SBA was founded in the 1950s. Here we are 60 years later, and we're constantly utilizing technology, new information—everything we can—to improve every program and every part of each program. There are still challenges ahead, but I do think these are good programs.

• (1240)

[Translation]

The Chair: Mr. Roy, you have five minutes.

Mr. Jean-Yves Roy: Thank you, Mr. Chairman.

Good morning, Mr. Jordan.

I have a very practical question for you. I would like to know whether the entire procurement system is grouped together under your Administration. You talk about \$400 billion worth of procurement. Is that through a single agency or does each individual agency have its own procurement department? How do you go about obtaining information from each of those agencies? You say that they produce a report, which you then verify, but do you actually validate that report? Do you engage in more in-depth research? Do you ask questions? Finally, is the procurement system as a whole centralized?

[English]

Mr. Joseph Jordan: It is not centralized. Each agency has its own procurement function, with contracting officers and large procurement groups. There are actually over 3,000 buying activities. That's our phrase for places that are issuing contracts. There are 3,000 in the U.S.

How do we, then, track and monitor them? Those are some of the technology pieces that I mentioned we've been developing. This gets to the prior question of how we know whether these things are doing a good job, because we need to evaluate the metrics and say yes, it's doing the right thing, or here's where it needs improvement.

When contracting officers are issuing a solicitation for bids and are getting ready to issue a contract, they need to enter that data into a program that's fed onto a website we have called FedBizOpps, or federal business opportunities. You can go to fbo.gov, and a vendor

can see and search for contracting opportunities from any agency and can try to participate.

There are a few other tools, but skipping to the end, once the agency has chosen the winner and the contract is done, we track all of that, because they must enter it into another system called the federal procurement data system, FPDS-NG—NG is for “next generation”—and through that we are able to track what they've actually purchased, whom they've purchased it from, what socio-economic programs may have qualified, all of those types of things.

The last part of your question, which is also very valid and a very big challenge for me, is how do we know they're telling the truth; or, said more nicely, how do we make sure there aren't mistakes made? That's where we come in and work with them. We can see this entire database, and when we see what we call anomalies or inconsistencies, we go back to those agencies and those buying activities and ask them to double-check a contract or piece of data and tell us that either, yes, they did it right or, no, they need to correct it and go back through.

That is a huge challenge when you talk about, as you noted, \$400 billion-plus in contracts—which means many, many contracts—issued by 3,000 different places. It's quite a challenge for us to then follow up and make sure they haven't made any mistakes, but it's something we take very seriously, and that is very important when you're trying to get the metrics and the data necessary to make decisions to answer such questions as whether we think these programs are working well.

[Translation]

Mr. Jean-Yves Roy: I have one final question. We talked about \$400 billion worth of procurement, but what is the average value of the contracts that are let? Obviously, if we are talking about military contracts, it may be quite different, but for small and medium enterprises, what is the average value of a government contract?

[English]

Mr. Joseph Jordan: That is a great question. I don't know off the top of my head. Some are quite large, as you know, with the large prime contracts for military-type services, and some are quite small, in the hundreds of dollars.

You know what? I want to know the answer to that, so I'm going to follow up and find out to the best of my ability and I will let you know, because I don't know that off the top of my head.

• (1245)

The Chair: Thank you, Monsieur Roy.

Mr. Warkentin, for five minutes.

Mr. Chris Warkentin: Thank you, Mr. Chair.

Thank you, Mr. Jordan, for joining us today. We appreciate your testimony and your efforts to communicate what you're doing.

Mr. Joseph Jordan: Thanks for having me.

Mr. Chris Warkentin: In terms of your small businesses and the folks you're working with to ensure access to government contracts, we've had some discussions around our table in terms of, number one, what characterizes a small business to be in fact a small business, and second of all, what type of small businesses do we want to ensure are protected in terms of their ability to access government contracts.

I'll just ask a question in terms of your relationship with small businesses. When you're dealing with a small business, are you looking to ensure protection for those that have a unique or leading-edge technology, or would you go the full gamut? Obviously you have certain small businesses that you want to contract with for different reasons, social reasons, but would you protect a small business that was simply a retailer of a product that you could access through a larger company or a different company, which would provide the exact same product simply because they were retailers selling somebody else's product?

Mr. Joseph Jordan: That's an excellent question. I'm going to answer it in a few ways.

One, we do focus on all small businesses. We don't necessarily carve out certain types. However, the threshold for what constitutes a small business is going to be different with each industry, so to some degree that's going to show that we're looking at each industry differently. In terms of the contracting opportunities, I've often heard it referred to this way: there are main street businesses, which are the ones you're referring to, your dry cleaners, your grocery stores, etc., and then there are your high-growth, high-impact types of small businesses, and that's often where the net new job creation is going to come from and a lot of that growth piece.

So when we talk about what a small business is, we don't put one of those categories above or below the other. When we look at who is most likely to compete for federal contracts, it's going to be more those high-growth, high-impact types of businesses. So while we're not looking to "protect" either one, we want to make sure that when any of them choose to play in the federal contracting arena, they're being dealt with fairly and have a fair opportunity to get an appropriate share of federal contracts. But as you mentioned, it's more likely that one group will self-select into that process than the other.

Mr. Chris Warkentin: It sounds as though your organization plays an important role in terms of a communication piece between government agencies and departments and also to those small businesses that would like to contract with the federal government. I'm very interested in terms of your communication efforts, with two different agencies within the government. What does your communication and your effort to communicate look like? Do you bring the people who lead these departments and these agencies to round table discussions? How exactly does that work? That's my first question.

The second is, what does the communication to small business look like? What efforts do you make in communicating what you can

offer as an office to those small businesses? So we're looking at what you have found to be effective communication both internally and externally.

Mr. Joseph Jordan: The simplest answer to your first question on the agencies and whether we bring them together is yes, and doing so is incredibly effective. More specifically, there are a few tools that we use. We have a chief acquisition officer round table, a meeting where we do bring all those heads of the procuring centres together, just as you mentioned.

We also, within each agency, have an individual whose title is a bit of a mouthful. It's the office of small and disadvantaged business utilization. OSDBU is the acronym. That person is charged with making sure that small businesses are getting their seat at the table and in all conversations within that agency.

Last—and this is still on the agency part, and I'll get to the small business part—we have those procurement centre representatives sitting with the people actually issuing the contracts and making sure that where the rubber meets the road it's actually happening, that small businesses are getting their fair share.

So it's from the top, in terms of strategy level and round table discussions, all the way down to the individual contract level that we're educating, monitoring, and helping agencies buy from small businesses.

On the small business side, there are a number of things we do. We have a number of field offices spread throughout the country. Small business owners can come in there for business development counselling, for education and resources, for those types of things. We put an immense amount of data and information online, in the federal business opportunity, or FedBizOpps, website and on a number of other websites, which has been helpful.

Then last—because sometimes you can reach the point where there's almost too much information out there, and it's very difficult for a small business owner to get to all of it—we help facilitate what we call business matchmaking events. At these we'll bring together a group of small businesses and agencies and sometimes large businesses in a room or in a convention hall and allow them to get to know each other and meet each other and understand who can provide what goods and services or, from a small business perspective, who is most likely to be buying what I'm selling. Because it's very hard as a small business owner to get through the process and understand what government agency, whether it be federal or state as was mentioned before, and what large business may be issuing subcontracts after winning a prime award. So we want to facilitate that flow as much as possible.

• (1250)

Mr. Chris Warkentin: If you don't mind letting us know, what is the budget for your office? Obviously your office has been around for some time, so you don't have maybe the issues and the challenges that our office does in terms of communicating the fact that you actually exist. It sounds like small businesses in the United States know that you exist.

But if you can just give us a budget for your office, we'll do the math later on and figure out how it compares to our Canadian office. That may be helpful for committee members.

Mr. Joseph Jordan: Sure. I want to get it into the most granular way so it's most helpful, but that's a bit of a challenge. I may need to follow up with a specific line-by-line.

The SBA's budget overall, including for the field, the loan program management, my office, and some of the other education and outreach offices, is about \$700 million. The office of government contracting and business development budget I would need to follow up on, only because there are certain parts that I would need to carve out. If you were just trying to do one function... There are economies of scale that I enjoy because of the larger agency, but I'm happy to go back and try to parse it out. But it's about \$700 million for the SBA's budget.

Mr. Chris Warkentin: Thank you.

The Chair: Thank you very much.

Before we wrap up, I have two quick questions from the chair. Do you have a function—and forgive me, because I may not be using the right terms—within the Small Business Administration that you would call a champion of winners, or a champion of the new guys on the block, of the little guy who has the great idea but needs somebody in government to notice him and move it? Do you have somebody who does that type of function?

Mr. Joseph Jordan: Mr. Chair, I would say that everybody at the SBA needs to be doing that.

To be more specific, we do have an office of communications and public liaison, which should be telling the stories of the successful little guys so that everybody becomes a little more comfortable with the fact that these great innovative companies are providing a high quality of goods and services.

We have an office of entrepreneurial development to help the new companies that are starting up get the education, training, support, and outreach they need and to help champion their cause.

We have programs for a number of socio-economic groups so that the particular needs of those groups are being voiced and have a seat at every table.

You have the people within my government contracting organization championing each of these pieces out to the agencies.

Also, if any of these small businesses just feel somewhat frustrated by the heavy hand of the government and feel they've been wronged in some way, we have what we call an ombudsman, who can facilitate answers to their concerns within our agency or across the government. That's another voice of the little guy, so to speak. That's housed within the SBA, but it should give them a voice and a seat at every table throughout the government.

• (1255)

The Chair: That's great. I'll take that as a qualified yes.

Voices: Oh, oh!

The Chair: Clearly there's an advocacy function, if not in one place, in several components of your administration. The education component is there. It sounds like you have a pretty well-rounded organization. We're—

Mr. Joseph Jordan: Mr. Chair, if I may interrupt for one minute, my colleagues in our office of advocacy would be quite disappointed if they knew I was so remiss as to not mention them specifically. We do have an independent office of advocacy within the SBA. Not to repeat myself, they have their own independent authority to voice the concerns and study the needs of small businesses. We absolutely do have that as well. You're right.

The Chair: Having said that, then, we can now close this part of the meeting.

On behalf of all of our colleagues, of course, who are elected from all across Canada—and you've probably noticed we're working in two languages—we're very grateful to our American friends for sharing this information. I hope that at some point we can reciprocate. We try to do that as much as we can.

We wish you all well down there with the challenges extant economically and health-wise these days. I guess we're all in the same boat in North America. We thank you very much and we thank your administration. Maybe at some time in the future we can collaborate again.

Mr. Joseph Jordan: I would enjoy that.

Thank you, or *merci*, for having me. It has been a pleasure. If I can be helpful in the future, please let me know.

The Chair: Thank you very much again.

Colleagues, we have a couple of minor business items that we have to deal with. If I had my clerk here, I could get right to them.

One thing we have in front of us is this. We've been informally circulating a possible motion to deal with Industry Canada. As you know, we have a meeting coming up this Thursday dealing with these same subjects, and Industry Canada appears to have been reluctant, up to this stage, to agree to attend.

We can handle this in one of two ways. We can adopt an order that would facilitate the crystallization of their willingness, if I can put it that way, or we can ourselves agree to find another informal way of ensuring attendance.

Mr. Warkentin.

Mr. Chris Warkentin: I was just speaking with the clerk. We have secured additional witnesses for that meeting from Public Works and from the office of small business as well.

The Chair: We have other witnesses at the same meeting. That's correct.

Mr. Chris Warkentin: Could you tell us who is attending? I think it's important. What I don't want to see happen again is bringing whole piles of witnesses and not having the opportunity to get to the bottom of the issues.

The Chair: I do understand that. That's a reasonable point.

I think our researcher was of the view that Industry Canada has a fairly conspicuous small business data...the department gathers data on small businesses, and it seemed pretty reasonable to me that we shouldn't go ahead and make decisions about small business and procurement without the benefit of that information.

Mr. Chris Warkentin: I appreciate that.

• (1300)

The Chair: Just so you know, the individual involved is—I won't mention the name, but he is the director general of the small business policy branch. There is another person in the department we had invited, and I don't think we got a reasonably appropriate response. I don't think we can complete our work here without at least checking with them. If they were to write us a letter and say, "I am sorry, we have absolutely no information about small business that could ever be of use to your committee", then we could walk on, but at this point I don't feel we can.

Mr. Warkentin.

Mr. Chris Warkentin: What's important to me is that we speak to Public Works at this point. My sense is that this isn't a problem with small business. My belief is that there is a problem in terms of the receptiveness to small business, and I just want to find out what the challenge is there. So I think Public Works and the office of small business would be helpful in getting to the bottom of that.

I appreciate and I'm fine with folks from Industry, but I don't think they will address some of my paramount concerns.

The Chair: We are happy to get all your questions answered and get witnesses here for you.

Your chair is suggesting we should have these witnesses, and it may be that in order to get them here we're going to have to firm up a little bit. It's as simple as that: if members are reluctant to firm up, if this is just a social club—come if you want, that's okay. You're the members; you can decide. The chair takes a slightly different view. We have an important public interest function here. When we want witnesses, we should be able to get them. That's how Parliament was designed.

Ms. Hall Findlay.

Ms. Martha Hall Findlay: If you want this to get firmed up—I have found the last number of meetings frustrating, because we had asked for a report dealing with the whole question of GENS shared services bundling. We expected that report to be in March. It is now near the end of April. We don't have that. And so we have responded to specific lobby interests, we have responded to specific people with different vested interests in the whole thing, but we are still hamstrung without that report.

So quite frankly, I'm happy to have whatever witnesses we can have and to be as firm as we want to be in terms of requiring them, but we're still hamstrung. I don't feel as if I'm in a position to ask more effective questions until I find out what PWGSC is actually saying about its procurement processes in this context. Maybe you have more information about where the report is.

The Chair: Okay, you've moved the issue from the one I had raised to another one. We can ask the clerk about the report we've been waiting for, but I'd like to deal—

Ms. Martha Hall Findlay: I think the one sort of subsumes the other one.

The Chair: No, they are quite distinct. The only question is that if one of the government members wants to undertake to ensure we have a witness from Industry Canada, I'm happy to go with that.

Mr. Warkentin.

Mr. Chris Warkentin: I can't guarantee that I can drag somebody from Industry along with me, but I'm happy to do that, to make the suggestion and advocate on behalf of our committee, if that's the desire of the committee. But I have to concur with Ms. Hall Findlay that there is some information that would be helpful. We need to speak to Public Works to find out exactly what their current policy is, because we've heard a lot of submissions in terms of what the opinions of lobby groups are about what Public Works desires or is thinking. It is important we speak to them.

The Chair: Could we just deal with the appearance of the witness.

Mr. Chris Warkentin: On the relationship between the witnesses and Public Works, probably if we have Public Works before us, we'll fill up a meeting just speaking to Public Works. That's why I'm not—

The Chair: Are you saying you want to dispense with calling the witness from Industry Canada? Is this the decision of members?

Ms. Martha Hall Findlay: May I—

The Chair: I'd just like members to deal with that one issue right now and not go off onto sidebars. I want to deal with the issue. Does the committee wish to call the witness from Industry Canada, yes or no?

Ms. Martha Hall Findlay: It may depend if we have the report by then. It actually relates to the value of calling a witness from Industry Canada.

The Chair: Are you arguing in favour of putting off any decision? Give me some clarity here.

Ms. Martha Hall Findlay: It may be that somebody has more information about when the report is coming.

Mr. Chris Warkentin: Mr. Chair, if it's a yes or no, the answer from me is no, but perhaps we could put it off until we find out if we can get some additional information. My sense is that they are related only in that, if next meeting is considered to be the last meeting on this discussion.... I'm not going to be satisfied with one more meeting. We've only started to get to the bottom of what I think the problem is.

• (1305)

The Chair: It is evident to the chair that it is not the will of members to call the witness from Industry Canada. Given that this discussion is happening on the public record, the witness will probably take this as a dispensation. I'm in the hands of members on this particular issue.

Madame Bourgeois, please wrap up on this.

[*Translation*]

Ms. Diane Bourgeois: I would just like to take 30 seconds, Mr. Chairman, to say that I agree with the idea of inviting Industry Canada to appear. This is too important an issue right now. We are for ever talking about economic recovery plans. However, Mr. Chairman, if you have nothing to hide, you will agree to appear before the Committee. So, there is something fishy here.

Also, if we want to call witnesses from PWGSC, that is fine. This morning, it was clear that the culture at PWGSC poses a problem. That culture is the Conservative culture. What can you expect? The situation is crystal clear. I think it would be far better to invite

Industry Canada officials to appear before PWGSC, because it is very clear that the culture is the issue.

That's what I wanted to say, Mr. Chairman.

[*English*]

The Chair: *Merci.*

We can invite them again. The problem, Madame Bourgeois, is that we have invited them and they've been reluctant to accept our invitation.

Having said that as politely as I can, we will leave that issue where it is and we'll go to the next issue, which is where this report is that we had hoped would be....

Ms. Hall Findlay, I asked for members to make a decision. Members do not want to call the Industry Canada witness. I will consider the matter closed.

Ms. Martha Hall Findlay: You do not want Industry Canada coming?

The Chair: You obviously want to talk about a report that's not here as opposed to calling the witness. Mr. Warkentin doesn't want to call the witness. Madame Bourgeois would like to invite the witness.

We're either going to have a motion here now or we're not. If no one's going to move the motion, we'll go on to the next issue.

Mr. Chris Warkentin: In the past, I think we've always worked on a consensus when it comes to inviting witnesses. Mr. Chair, I would take it upon myself to inquire, even to the minister, as to what the problem might be in Industry Canada. So I will do that.

What I'd suggest maybe in the future, because we have always worked in a cooperative fashion, is that if you're having difficulty getting a witness.... This is the first I've heard of it. I have not heard about it. I don't remember us as a committee deciding we were going to invite somebody from Industry Canada.

Before we escalate it to this type of a discussion at a committee meeting, I'm happy to engage in a discussion. I know all my committee colleagues are willing to discuss—

The Chair: That works for the chair. The chair is quite happy with that.

Mr. Chris Warkentin: —this at another time, but we will work cooperatively to try to get all the witnesses.

I think what Ms. Hall Findlay and I are saying is that at this point we see there is a necessity to talk to some other folks and get some other information. It would be great to talk to Industry, but that's not where our priority is at the moment.

The Chair: Good. That disposes of the issue, and your chair is very content with that.

The next issue is this report. Mr. Clerk, where is the report Ms. Hall Findlay is waiting for and we're all waiting for?

The Clerk of the Committee (Mr. Michel Marcotte): It has been said for a few weeks now that Public Works is working on the business plan report, as requested. As of this morning, there's still no report in sight. We don't know whether or not we're going to have it today, tomorrow, next week.

I only have two witnesses confirmed from Public Works this Thursday, namely Liliane saint pierre and Shereen Miller, who have both appeared before the committee before.

There is an option of a third witness, provided the report is sent to the members. I was told quite some time ago that the report, when available, would be sent directly to the members. If you do receive the report, then we might invite that third person, but he can speak for himself.

The Chair: The bottom line is that there's the report out there in process, it's not ready for prime time yet, and we're still waiting for it. I take it that report will be directly relevant to the subject matter of our study now. Is that correct?

The Clerk: It should.

The Chair: It should be, yes. Okay.

Ms. Martha Hall Findlay: For the record, the reason we asked for the report was so that we understood what PWGSC was doing in order to help us make most effective use of all the witnesses we have seen, because we found we were putting the cart before the horse. I would just want to reinforce that the very reason for that report, in fact, relates to all the work we're doing on procurement.

• (1310)

The Chair: So it might be difficult for us to conclude our study without it.

Mr. Chris Warkentin: I agree.

Ms. Martha Hall Findlay: That would have been my point.

The Chair: Is there any other business, Mr. Clerk?

On Thursday, May 7, on the Hill there will be an exercise in accessibility for those who are challenged physically or otherwise in getting around the Hill. If any members have any concerns about that or issues in terms of accessibility to our committee premises you should let the clerk know. I don't know whether any members here are going to be participating in that. We have at least one member who will be participating. It may involve a wheelchair. I don't know.

Second, a contingent is visiting Canada from Pakistan. We have been asked by the Parliamentary Centre to meet as a committee, or at least informally, with this group from Pakistan. So I'm extending that invitation. It's now proposed for Wednesday, May 13, caucus day. I've asked that they try to move it up into the morning at some point, where it would allow us to get to regional caucuses and certainly national caucus. They couldn't put it on during our national caucuses. If that's okay, I'll commit myself and ask other members to try to attend that. It could end up being a breakfast. I'll work with them, I think it's fair. I think we would probably enjoy hearing from our parliamentary colleagues from Pakistan, and I hope they would enjoy hearing from us.

Mr. Warkentin, have you anything on that?

Mr. Chris Warkentin: I was just going to suggest lunch, if that would work, because most times our caucuses all break at noon or shortly after noon. We could have them at duration until Question Period.

The Chair: Thank you. The clerk can mention that to the organizers.

I think we have everything done. Good work, colleagues. Thank you very much. See you at the next meeting.

The meeting is adjourned.

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