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Chair

Mr. Tom Lukiwski

Standing Committee on Government Operations and Estimates

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• (1540)

[English]

The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)): Colleagues, if I may, I'll convene the meeting. We're running a little late, which happens quite frequently on Wednesdays. Wednesdays always have a late-starting question period.

We have a witness with us in the first hour. Mr. Thomas Mueller, from the Canada Green Building Council, is appearing by video conference from Vancouver.

Before we start, colleagues, I have a couple of housekeeping notes. Number one, I anticipate bells to start ringing at about 5:15 p.m. for a 5:45 p.m. vote. Once the bells begin ringing, I will be adjourning the meeting. That should give us approximately an hour or slightly more for questions.

Second, colleagues, on the last piece of housekeeping, if you recall, at our last meeting we talked about getting a press release out and sending out a request to veterans who may want to appear before our committee to talk about the public procurement and hiring processes for veterans. I forgot to mention that we needed a date to have submissions sent in to our clerk, and the deadline we're suggesting would be April 18.

Do I have agreement from the committee to make April 18 the deadline so that we can put this into our news release? It states, "Requests to appear must be submitted to the committee no later than April 18. The committee will accommodate to the best of its abilities veterans who prefer to participate anonymously."

Some hon. members: Agreed.

The Chair: Seeing no opposition, April 18 it is.

Now, Mr. Mueller, I'm sorry about the interruption and the delay in proceedings, but I think you are familiar with how committees work, sir. We will have an opening statement from you, sir, and then we will go immediately into questions from our committee members.

I understand that you have a short opening statement of approximately 10 minutes.

Mr. Thomas Mueller (President and Chief Executive Officer, Canada Green Building Council): I do. Thank you.

The Chair: Mr. Mueller, the floor is yours.

Mr. Thomas Mueller: Mr. Chair, thank you for inviting me to address the committee today.

I want to start off by talking to you about how green buildings can help achieve the Government of Canada's low-carbon economy and climate change targets, particularly through its own building portfolio.

You as the government are obviously one of the largest building owners in the country, and as such, you have tremendous procurement power in how you procure new buildings, how you lease your buildings and also how you manage and retrofit your existing buildings. There's a little opportunity not only for leadership on the part of the Government of Canada but also, of course, for a return on your investment, because the building sector, when it comes to climate change, is one of the few sectors, if not the only sector, in which investment actually has a payback over time while reducing carbon emissions and other environmental impacts.

In terms of the key objectives, I want to talk to you about the federal government's building portfolio to reduce emissions to meet 2030 targets.

I also want to talk to you about new buildings. The government ought to target high performance, focusing on zero carbon buildings and highly energy efficient buildings. Another area on which an interest was expressed was the whole concept of zero waste coming out of those buildings, be they office buildings or other building types.

Finally, there is the existing building sector and investment in the energy efficiency of existing buildings, carbon reduction and zero waste.

I want to point out that in terms of climate change, it has become very clear that existing building retrofits and enhanced operational practices are key to achieving any carbon reduction targets in the building sector. Without those, it's going to be very hard to achieve those targets by 2030.

I also want to point out that carbon is a very important metric. Increasingly, in moving towards a low-carbon economy, we need to focus not only on energy efficiency but also on carbon. You can have a very energy efficient building that still produces a significant amount of carbon, depending on the energy that building uses. I think that carbon as a metric is very important. Energy efficiency and carbon are not the same thing, as I will point out throughout my presentation.

In terms of meeting the greenhouse gas emissions target, that requires leadership of the federal government with regard to its own buildings. We did some research. I wouldn't say it's highly accurate, but it's the information that we were able to access, and it shows that federal government buildings account for 3% of building sector emissions. I want to point out that there's already a lot being done in government-owned buildings, particularly through the real property branch, with significant advancements both in LEED and zero carbon buildings.

In addition to what you're already doing, and in terms of enhancing your leadership roles in government-owned buildings, one thing is to adopt a portfolio-wide retrofit strategy and operational practices for existing buildings to achieve high performance, whether zero carbon and/or the LEED building standard. The LEED building standard is already being used by the government for new buildings, so this could be extended to existing buildings. A second part is to ensure innovation in building design and construction by adopting a zero carbon building standard for new buildings.

In terms of the financial benefits of greening the federal government building portfolio—and I'm talking particularly about existing buildings here—there are four major initiatives targeted at buildings of over 25,000 square feet. The four strategies are building recommissioning, deep retrofit, renewal energy procurement, and fuel switching, so switching from a fossil fuel to a clean, renewable source of energy.

● (1545)

Our studies have shown that if these buildings are built to LEED standards for existing buildings, there are savings in operational costs and a return on investment over the life cycle of a building. In our survey, we found that owners expect to recoup the full cost of the renovation through energy savings over the next three to five years and see a decrease in operating costs of 3% to 10% within the first year and up to a 32% decrease within five years. This is obviously a significant opportunity in terms of both carbon reduction and cost savings, but why LEED?

Just to emphasize this, LEED is a globally recognized standard and is now being used in 160 countries. It provides a credible framework and guideline, as well as credible certification, which is key. It's well supported very effectively by the Canada Green Building Council here, the U.S. Green Building Council south of the border and other organizations across the world. It allows you to improve energy efficiency and reduce carbon, but also to make advancements in other areas, such as water efficiency, waste and occupants' health and well-being.

We'll go to the next slide on reducing federal government GHG emissions. The Canada Green Building Council really assists the government in getting there. We are a recognized, national, non-profit organization that's industry led. Our board and our membership are made up of a cross-section of people from the industry, from investors and owners to developers, designers and product manufacturers, as well as builders.

We have an existing MOU with the Government of Canada, with the real property branch at PSPC. It was updated in 2015. We've already worked on the implementation. We recommend that the government should formally implement a LEED gold or platinum

policy, not only for new buildings, but also for existing buildings, and upgrade its 2005 policy. You were one of the first entities in the country to adopt the green building policy in 2005 under the Liberal government. You should move it up to LEED platinum and possibly to zero carbon for select projects. There's a real opportunity here.

On the zero carbon standard, this is really the area of innovation. The zero carbon building standard is a made-in-Canada solution to reduce carbon emissions and provide a path for buildings to achieve our climate change commitments. Without getting into the technical details, what it really does is combine high levels of energy efficiency with taking advantage of renewable energy sources and, particularly in Canada, taking advantage of our clean energy sources in provinces such as British Columbia, Manitoba, Quebec and other areas.

Going to zero carbon also increases the resiliency of buildings, in that the building envelopes are better, so the buildings are cool longer in the summertime and warm longer in the wintertime. In the case of disasters, renewable energy onsite, which supplies at least some energy, will allow the buildings to operate during periods of outages and natural disasters.

Last month, we released a study on the business case for zero carbon building, which we did with the Government of Canada, with support from various government departments, along with support from REALPAC, comprising the largest real estate organizations and the largest owners in the country, and a couple of foundations. That study is now available, but it's highly technical.

What I wanted to point out is that we studied the cost of zero carbon buildings in six cities. We studied seven building types. We found that over four million tonnes of carbon could be avoided in those buildings. The strongest outcomes are in Halifax, due to the high carbon intensity of the Nova Scotia electricity grid. The outcomes for Montreal, Ottawa, Toronto and Calgary are economically strong, with upfront capital cost premiums that are mitigated over the life cycle by higher operating and emissions savings.

We included both energy pricing and carbon pricing in predicting how these buildings would do over their life cycle, with the life cycle being defined as 25 years. The good news is that these buildings can be done right now with existing technologies and existing know-how. The council is a supporter of this standard—and we developed this standard with the industry—for buildings that have already been certified.

•(1550)

One of those is a private sector building in Kitchener-Waterloo. The other one is a Bentall Kennedy commercial office building and two institutional buildings.

Overall, the results show that there's a life-cycle return of 1%. In the private sector, a 1% return is not a lot, but in this context it means that zero carbon buildings don't cost you more over their life cycles. There are only modest incremental capital costs of about 8%, on average, depending on the building type. That signals that these buildings can be done right now. In fact, the Government of Canada has one building in the program, the Arthur Meighen building in Toronto, which is a major retrofit. The additional life-cycle cost of that building will be about 6% over 25 years.

The Government of Canada has a very important role to play to de-risk zero carbon standards for the private sector. You played a similar role when the LEED standard first came into Canada, de-risking it for the private sector; now 45% of our LEED-certified buildings are commercial private sector buildings. Thanks to the leadership by the government, there was significant growth in the sector. It would also accelerate the adoption.

I want to finish off by showing you the opportunities in terms of zero waste. The council now has a new system, TRUE, which stands for "total resource utilization and efficiency". It's a zero waste standard that's being used south of the border. A number of projects have already been certified in Canada. This is an additional way to achieve exceptional performance in waste, in addition to what a LEED building would bring to the table. LEED projects already divert 75% to 90% of construction and demolition waste, and have requirements to reduce waste from building operations during the life of the building. The zero waste standard brings additional...zero waste stands for 90% diversion of waste.

We include here a case study by HP in California. It's a computer company. They are diverting, through recycling and composting, 96% of their waste from landfill. They are also implementing sustainable practices. They are changing their purchasing and procurement practices around plastics and food. They are also donating food. They have reuse programs for office supplies, furnishings and computer equipment. They also host employee events for existing and new employees on how to do that. The zero waste standard is again a profitable standard in that it will help an owner reduce waste disposal and waste management costs. As well, importantly—

The Chair: Mr. Mueller, I'm sorry to interrupt, but we're over time. I know that many of our committee members would like to ask questions. If I could get you to stop your presentation now, we could go immediately into our seven-minute round of questions.

Mr. Thomas Mueller: Sure. Thank you.

The Chair: We're starting with Mr. Peterson, I believe.

Mr. Kyle Peterson (Newmarket—Aurora, Lib.): Thank you, Mr. Chair.

Thank you, Mr. Mueller, for being with us today via video conference. Thank you for your informative presentation. We have all had a chance to review the deck you provided, so we thank you for that as well. It's very informative. There's lots of stuff in there.

Perhaps you could help me wrap my head around something. We have LEED, which you mentioned is global. I think there's some familiarity with LEED, even if one isn't in the building industry. Then there's zero carbon. You said that's a made-in-Canada solution. Is that correct? Then we have TRUE. Is that only a waste reduction system?

Mr. Thomas Mueller: It is a waste reduction system, but just recently we integrated it into LEED. Let's say you have a LEED gold building with LEED gold certification. You can then seek exceptional performance going to zero waste through the LEED system. It's not side by side but integrated. You can do both. You can have it either stand-alone or integrated with LEED.

Mr. Kyle Peterson: What I'm hearing is that if you have a certain positive standing in TRUE, that would also improve your LEED rating.

Mr. Thomas Mueller: That's right. Yes.

•(1555)

Mr. Kyle Peterson: Okay.

Mr. Thomas Mueller: It goes further than LEED, though. It's exceptional performance in that area.

Mr. Kyle Peterson: It's above and beyond the waste reduction measures in LEED. Is that what you're saying?

Mr. Thomas Mueller: That's correct.

Mr. Kyle Peterson: Okay. I just want to get it all clear in my head, because a lot of this is—

Mr. Thomas Mueller: I know. There's a lot of stuff.

Mr. Kyle Peterson: Just on that zero waste, it's in construction for new buildings and then it's also in the operation of existing buildings. Am I correct in that?

Mr. Thomas Mueller: It's basically a standard for the operation of the building. Of course, if you design a new building, you can design it in such a way that you have the right recycling and diversion facilities in place. With existing buildings, you need to put containers in for collection and so on.

It's really about the operation of a building. It could be a manufacturing facility, an office building, a food processing facility, or it could be army housing on an army base. It's an operational standard that makes sure 90% or more of the waste is diverted from disposal.

Mr. Kyle Peterson: When you look at the stock of real property owned and operated by the Canadian government, there are obviously different uses and different operations for all of those buildings. Would certain of these standards apply more to certain types of properties than others?

Mr. Thomas Mueller: I would say that some properties would be easier to do than others. For example, office buildings are straightforward ones that could be targeted. I would also say that anything that's residential, such as army bases and so on, would be better. You could do it in any building, including a laboratory, but right off the top of my head, I would say that office buildings and housing would probably be best. If there's a commercial component to it, that would work as well in terms of food waste diversion.

Mr. Kyle Peterson: What I'm getting at is whether or not there's some low-hanging fruit that we should go after first when we're trying to green government operations. Is there a class of property that would be the low-hanging fruit that, with little investment, we'd be able to get quick reductions with?

Mr. Thomas Mueller: That would be the office buildings in urban areas.

Mr. Kyle Peterson: Perfect. That's good. There's our priority.

You also mentioned, which I found interesting, that energy efficiency and a reduction in carbon are not the same thing.

Mr. Thomas Mueller: That's right.

Mr. Kyle Peterson: Can you elaborate on that? That sounds interesting to me. I know you had to skip on because you were trying to get through your slides, but perhaps you could elaborate on that a little bit.

Mr. Thomas Mueller: Sure. It very much depends on what type of energy you're using. If you have buildings that are identical in terms of energy efficiency, then let's say one of the buildings is perhaps 30% to 40% more efficient than a conventional building. One uses clean hydro power and the other one uses heating based on fossil fuels, natural gas, or electricity from coal-fired power plants. The building that uses electricity from coal-fired power plants, even though the buildings have equal levels of energy efficiency, increases carbon emissions by 30%. It produces 30 times as much carbon than the other building using a clean energy source. Energy efficiency is not the only measure to assess the carbon performance of a building.

Mr. Kyle Peterson: Okay.

I want to look at the relationship between a new build and a retrofit. As I understand it, a retrofit would be a better way to reduce the carbon, whereas a new build would inevitably add to the carbon because of the new build process. Is that correct? Do I have that right?

Mr. Thomas Mueller: Generally speaking, you're correct. Any new building, no matter in the short term.... If we think about 2030 leading up to 2050, any new building will contribute some form of carbon during construction or with the materials; there will be some contribution. But it creates the building stock of the future, so if you build more zero carbon buildings, by 2050 you'll have way more buildings that emit less carbon. In terms of the net gains right now, between now and 2030 and 2050, most of the net gains have to come from existing buildings. Cutting existing emissions—that's the key strategy.

Mr. Kyle Peterson: If we're going after the existing buildings, is there an efficient manner to get these retrofits onto those existing buildings?

Mr. Thomas Mueller: Yes, I would think so. Yes, I think retrofits overall are paying back. What we model through our reports, which we'd be happy to share with you, is that we're looking at 20% to 40% reductions, not 100%. What's really important here is that this can be done through recommissioning when it comes to your building systems. It can be done through deep retrofitting where you're replacing your equipment, your lighting, and those types of things. If you want to go further, you can bring in renewable energy or do a fuel switch from a fossil fuel to a clean source of energy. This is quite doable.

What's really important here is that the 20% to 40% reduction is important, but scale is also important. We have 250,000 existing buildings in Canada and about 12 million to 13 million homes. There's a real opportunity here to accelerate the retrofit of those, and an opportunity for the government—I don't even know how many buildings you own, but it's in the thousands—to actually start looking at which ones are the most suitable for retrofit and can also provide you with a return on your investment so that you lower your operating costs by eliminating carbon.

● (1600)

Mr. Kyle Peterson: Thank you for that. I'm out of time, but I appreciate your elaboration.

The Chair: Thank you very much.

Mr. McCauley, you have seven minutes. Go ahead, please.

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

I'd like to move my motion from January 31, please. I could read it if you wish.

Do you have it, sir?

The Chair: Colleagues, I'm just going to suspend for a moment. A motion that Mr. McCauley has submitted is going to be passed out to you.

We'll suspend for just a couple of moments.

Does everyone have a copy of the motion in front of them?

An hon. member: Yes.

The Chair: All right.

I have reviewed it with Paul, and the motion is order.

Mr. McCauley, please proceed.

Mrs. Alexandra Mendès (Brossard—Saint-Lambert, Lib.): Does it have anything to do with this subject?

The Chair: Well, Madam Mendès, as you know, any member can submit a motion, if it's in order, at any time to deal with the work of this committee. Obviously, the committee has been dealing with many, many issues over the last several months, one of them being procurement. Just because today we were dealing with the greening of government does not mean that Mr. McCauley is unable to submit a motion. He could do that at any time, and he's done so today.

Mrs. Alexandra Mendès: Yes, but we're not voting on it.

The Chair: No, he's speaking to the motion right now. There's no vote; he's just speaking to it.

Mr. McCauley, the floor is yours.

Mr. Kelly McCauley: Great.

To start, Mr. Chair, I intend to speak quite extensively on this. I'm not sure if you wish to excuse the witness.

The Chair: How do you define extensively?

Mr. Kelly McCauley: I have a fair amount, at least two hours' worth.

The Chair: All right.

Mr. Mueller, I apologize for this, because I know you're hooked up by video conference and you've taken time out of your busy schedule to be with us, and I do appreciate that, as I'm sure everybody around the table does. Mr. McCauley has the right to speak to a motion that he has introduced. It has nothing to do with the greening of government study and your area of expertise, but I don't want to keep you sitting for the next hour and a half or so listening to a subject that may be unrelated to your area of expertise.

Mr. McCauley, can you assure me you're speaking for at least a couple of hours?

Mr. Kelly McCauley: Yes.

The Chair: Mr. Mueller, you are welcome to sit and listen if you wish, but, sir, I would suggest that if you have better things to do with your day, you could perhaps make plans to do them now. You are excused, if you wish to be excused, sir, but I do thank you for your attendance here.

Mr. Thomas Mueller: Thank you again for the invitation. I very much appreciated sharing our expertise. We would be happy, as I said, for the council to help the Government of Canada wherever it can to green its building portfolio. I appreciate the time. I will go back to my daily routine, which is work. Thank you for the invitation.

The Chair: Thank you so much, sir. Have a great day.

Mr. Thomas Mueller: You, too. Thank you.

Ms. Yasmin Ratansi (Don Valley East, Lib.): On a point of order, Mr. Chair, I am looking through all my motions and I've never seen this before. I have no idea how it didn't come into my inbox.

• (1605)

The Chair: I don't know that either, but I do know, having consulted with our clerk, that the motion had been received.

I don't know exactly when. Perhaps, Paul, you can—

The Clerk of the Committee (Mr. Paul Cardegna): It was January 31.

The Chair: January 31 it was received and it is in order.

Ms. Yasmin Ratansi: It may have been received by the clerk, but it wasn't sent to us.

Was it emailed to us?

The Chair: We're just checking that.

Ms. Yasmin Ratansi: Could you please check?

The Chair: We're checking that right now.

Ms. Yasmin Ratansi: I have all of Mr. McCauley's motions, all of them, and I don't have this one. I was a little....

The Chair: You have no life, then.

Voices: Oh, oh!

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): She's an accountant. She's very diligent.

Ms. Yasmin Ratansi: Yes, it's due diligence. I have to check to see—

A voice: Do you have it, Mr. Blaikie?

Mr. Daniel Blaikie: I have the copy they circulated today. I don't know if I—

Ms. Yasmin Ratansi: I was just wondering where, because I have all of them.

The Chair: Paul is checking on that right now.

Mr. Daniel Blaikie: I know Mr. McCauley has circulated a number of motions. I don't keep them all on my person.

A voice: [Inaudible—Editor]

Ms. Yasmin Ratansi: I have it in my file.

The Chair: According to Paul's records, it was sent out on January 31, 2019, at 4:19 p.m. I'm not sure why you don't have it.

Ms. Yasmin Ratansi: Honestly, I don't. I would not deny motions, because his motions are motions. They have to be done.

The Chair: Okay.

All right, Mr. McCauley, please proceed.

Mr. Kelly McCauley: That's great. Thank you.

I'll read out the motion for people at home or if you want to read it in the blues:

That, pursuant to Standing Order 108(2), the Committee invite the Procurement Ombudsman to provide a briefing on the lead up to his investigation of a government sole-sourced contract to Torstar for committee monitoring which was terminated following his intervention, and that the meeting be held no later than Wednesday, March 20, 2019.

There are a couple of issues. First of all, it plays into the scandal or controversy, however you wish to view it, of the government putting aside \$595 million of taxpayers' money for a media bailout. What's quite shocking about this is that, much as the National Post is supportive of the Conservative Party, the Toronto Star is a known mouthpiece for the Liberal Party. In fact, if you look right at their web page—

An hon. member: [Inaudible—Editor]

Mr. Kelly McCauley: Well, it's much like the Rolling Stones doing *Beast of Burden*. They even do kind of a disco music following along even on something they don't want to do, much as the Toronto Star has to follow along on the SNC scandal.

The Toronto Star, right on its web page, refers to “The Star Mission and Atkinson Principles”. Atkinson, of course, was their founder. It talks about how the purpose of the Star is to keep customers informed about what matters, etc., which is fine. It is to “focus public attention on injustices of all kinds and on reforms designed to correct them”, etc.

It has “been guided by the values of Joseph...Atkinson, publisher from 1899 to 1948. Throughout his leadership Atkinson developed strong views on both the role of a large city newspaper and the editorial principles it should espouse. These values and beliefs now form what are called the Atkinson Principles,” which are posted on their web page, and are, “the foundation of the Star’s ongoing commitment to investigating and advocating for social and economic justice.”

Again, it goes back to the government granting certain media outlets access to \$595 million of taxpayers' dollars, and then leading into a sole-source contract toward a news outlet that is solely based on, again, the principle of “advocating for social and economic justice”, which might be perceived as the same values as those of a certain party represented in the House of Commons.

Founded on a belief that a “progressive news organization should contribute to the advancement of society through”—

Ms. Yasmin Ratansi: On a point of order, Mr. Chair, there are people from Natural Resources and other witnesses sitting here. Could we ask them to leave? They are—

The Chair: I have already talked to our clerk about that, and I think he's going to be having a conversation with them. If Mr. McCauley is going to be speaking for the duration of our time here, I don't want to keep them here if they don't have to be here. Paul will chat with—

Ms. Yasmin Ratansi: They have fantastic presentations that they can make and give us answers on relevant subjects, but Mr. McCauley has the opportunity to—

The Chair: He does have the floor.

Ms. Yasmin Ratansi: Yes, absolutely.

Mr. Kelly McCauley: Do I?

Ms. Yasmin Ratansi: Yes, you do. You can talk—

Mr. Kelly McCauley: Wonderful, thank you.

Ms. Yasmin Ratansi: —ad nauseam.

Mr. Kelly McCauley: Let me know when you're done, and I'll continue.

Ms. Yasmin Ratansi: Go ahead.

Mr. Kelly McCauley: “The principles Atkinson espoused were founded on his belief that a progressive news organization should contribute to the advancement of society through pursuit of social, economic and political reforms.” It lists fundamental to his philosophy central principles such as a strong, united and independent Canada. We can all agree on that. There is also social justice. Again, it gets into, as previously discussed, individual and civil liberties, community and civic engagement, rights of the working people and the necessary role of government. This is an interesting one considering they're getting sole-source money from the government.

For the bailout, they believe—and again, this is a founding principle of the Toronto Star—in public ownership. You'd think they'd be more supportive of our colleagues to the left of us in the House. They believe that “utilities should be run for the benefit of the general public and not owned by businessmen whose principal concern was profit. He favoured public ownership of gas, electric

light...” It's funny that the current Prime Minister's family fortune comes from gas. Anyway, the principle—

• (1610)

Mrs. Alexandra Mendès: And is there a crime?

Mr. Kelly McCauley: Do I have the floor, sir?

The Chair: You sure do, Mr. McCauley.

Mr. Kelly McCauley: Perhaps, Mrs. Mendès, do a point of order if you wish to interrupt.

Mrs. Alexandra Mendès: No, I'll shut up.

Mr. Kelly McCauley: Thank you.

Again, on the principle of ownership, we see government “ownership of gas, electric light, electric power, coalmines, oil wells, timber, pulp and paper, telephone, telegraph”—it's funny that it's still on the web page, but I guess maybe the Toronto Star has telegraph—“radio, television, railways, airlines and streetcars.” It seems funny that he calls for government ownership of telegraph, radio and television and not of papers themselves, but I digress.

I want to get into the answer that we got from the government on these issues. The question submitted on December 7, 2018 was No. 2131, as follows: “With regard to reports of a \$355,950 sole-sourced contract to pay” the Toronto Star, “which was cancelled following a complaint to the Procurement Ombudsman”.... It's very interesting. There was only a complaint from a private company about this. It was never publicized anywhere that they were getting a sole source contract—only following a public complaint to the procurement ombudsman.

The question states:

(a) what was the original purpose of the contract; (b) which minister initially approved the contract; (c) does the government have enough employees to monitor parliamentary committees without hiring the Toronto Star; and (d) what is the total number of government employees whose job involved, in whole or in part, monitoring parliamentary committees?

This went to Finance Canada. Finance Canada promptly deferred it over to someone else.

The Chair: Order.

Mr. McCauley, I'm sorry to interrupt.

Colleagues, I should have mentioned this earlier. Even though Mr. McCauley has said that he has some extensive points to make, is there anyone else who wants to put their name on the speakers list should Mr. McCauley conclude his remarks before 5:15 p.m.?

Mr. Peterson. Thank you.

Is there anyone else?

Mr. McCauley, go ahead.

Mr. Kelly McCauley: Anyway, Finance Canada punts the question off in reference to part (a), which is what is the original purpose of the contract, and part (b), what minister originally approved the contract. They punted it off so that instead it would be provided by OSFI, the Office of the Superintendent of Financial Institutions, which is odd. I'm not quite sure why the finance department (a) is creeping on parliamentary committees to begin with, and (b) why they need to sole-source \$355,000 to the Toronto Star to creep on public committees, and also, why it's Finance Canada to begin with but Finance Canada punted it off and said that it's the responsibility of OSFI.

It's funny. With the rampant issues in British Columbia that we're seeing right now, with money being laundered through the housing market and money being laundered through the opioid crisis, which of course the government hasn't acted on, at the same time we have other issues with Bitcoin, including a Canadian-run cryptocurrency, where the founder and the sole owner, the controller of the key to the cryptocurrency, has passed away with no access to the money, and Bitcoin is being used for money laundering. It's funny that OSFI would decide that what is more important to them are not these issues that are vital to Canada, but actually creeping on parliamentary committees. Unfortunately, we never found out which specific committee they thought they should spy on, so to speak, but anyway....

The Office of the Superintendent of Financial Institutions is an arm's-length independent agency that supervises federally regulated financial institutions. Again, I have to question why the government is directing Finance Canada to have the arm's-length independent agency supervise federally regulated financial institutions and why they would be having them creep on a committee. Anyway, parts (a) and (b) were punted off to them.

In response, OSFI, again, instead of dealing with crime.... It's funny. This month, March, in case anyone is interested, is fraud awareness month. On Monday, we introduced motion 203 on the House of Commons floor, a private member's motion on seniors fraud, which OSFI, I would hope, would actually be spending their time on. One of the issues of seniors fraud is the fake CRA calls. They call and ask people to pay by Bitcoin. Again, this should be in the realm of OSFI. They should be focusing on that rather than spending Canadian taxpayers' money and resources on having the Toronto Star attend committee meetings. Perhaps some of the people at the back could do the work of the Toronto Star instead and report on actual committee meetings.

Anyway, OSFI, when they got around to it, said, "The purpose of the proposed contract was to provide same day summaries of the House of Commons Standing Committee on Finance meetings"—there we go, they were actually creeping on finance—"and some select Senate Standing Committee on Banking, Trade and Commerce meetings."

Now, the question asked when it came up from the individual who disputed this originally with the procurement ombudsman was, "Do we not have the resources?" Perhaps OSFI, Finance Canada or the bureaucrats have never heard of what we commonly refer to as the blues. Regardless of what side your party is on, whether you're us, NDP, Liberals, or people around this table or in the House, I can't imagine that any of us can justify \$355,000 of taxpayers' money to

go there, when we already have our translators and everyone recording everything for the blues.

OSFI further went on to say, "No contract between OSFI and iPoliticsIntel"—iPolitics, of course, was bought by the Toronto Star—"was approved or consummated." It's an odd choice of words, "consummated", but that's that.

The potential value of the contract was approximately \$12,600 per year, plus applicable taxes. The contract would have contained four optional years for a total contract value of \$63,000, plus applicable taxes. Again, I want to get back to this money. One of the issues we're finding, which I mentioned earlier, is in terms of opioids. Drugs are getting smuggled and the money is being used for laundering through the B.C. real estate market right now, especially the Vancouver market.

• (1615)

Actually, in the budget, they introduced millions of dollars supposedly to help people access the market. I think it's up to \$20,000. I don't know how \$20,000 is going to help someone with a million and a half dollar house in Vancouver when they're getting outbid by people from afar with seemingly unlimited money from opioids and money laundering.

Getting back to the opioids, they are driving a lot of the money laundering in B.C., which OSFI should be attending to right now. The opioids are spreading into Alberta. We have a wonderful group in Edmonton West—my riding—called Our House. They support 68 men in recovery from alcohol addictions, opioids and heroin, full time and year round in a converted motel. They provide housing, heating, psychological and psychiatric help, and mental health services to 68 men. They provide food and pay for the carbon tax, all for a budget of less than a million per year.

Funnily enough, the provincial government agency that refers them gets \$7 million a year. The reason I bring this up is that recently there were some mould issues at the Our House kitchen. They were threatened with a shutdown by the province unless this was addressed. Our House is supported solely by donations from the public and they get a small per diem for the 68 men who they help day-in, day-out and year round. The cost for renovating the kitchen was \$400,000, just barely more than the \$355,000 reported that the Toronto Star was going to get. Our House went public saying they were going to have to shut down. If you think about it, 68 lives could be lost, not just this year, but next year, the year after and so on, for the want of \$400,000.

I approached our senior minister from Alberta. He was the minister of infrastructure at the time, Minister Sohi. I pleaded with him, wrote him a letter and contacted him to ask for money. Unfortunately, we never heard back from the government. We followed up again and got a letter saying, "Talk to the province." Here we have our senior minister, when we can find \$10 million for a hockey rink on Parliament Hill, and we can find \$355,000 for the party mouthpiece, the Toronto Star, to do the work that our wonderful folks are doing right now.... I'll wave to them, but I don't want to distract them. We get the work done anyway in the blues, but we don't have \$400,000 in Edmonton West. Why? Maybe it's a Conservative riding, but we don't have \$400,000 to save the lives of 68 men year in, year out. It's just purely pennies for that.

The focus of the Department of Finance or this government strikes me as bizarre when they see propping up the Toronto Star as being important, when that work is already being done by the government, but the lives of 68 men, year in and year out, they do not. I was at Our House about a week ago. They actually opened a new kitchen. They managed to get some renovation money through the building trades council, some unions, and Rotary, and the city stepped up a tiny bit, which was wonderful. The kitchen looks beautiful. It's a converted motel. I was in the hotel industry for quite a few years. I have to say I'm quite impressed. They have an open kitchen now. It used to be probably what we would imagine the old Travelodges looked like 30 years ago. They have an open kitchen and space to serve the food. The men there can train on some of the food prep as well. The mould is gone, and it's a beautiful open kitchen and a warm, inviting restaurant.

We know that delivering dignity, serving and helping people with dignity also greatly improves their lot in life. Just because they're down and out and suffering from opioid addiction or alcohol addiction should not mean they're living in filth or living as second- or third-class citizens. It's quite remarkable. I was very happy to see that. I went to see them and got a beautiful tour around. I was very happy for them, that they were able to get their kitchen renovated and that they found the \$400,000. It's unfortunate they could not get the money from the federal government, which seems to have money for everything but them.

This leads back to a Huffington Post article that came out over the summer—I actually did a Standing Order 31 on it. It must have been the end of September and we had just come back from summer break. The Huffington Post article came out about Liberals committing \$3.5 billion in a spending spree across the country for infrastructure, for this and that. There was one project in all of Alberta.

• (1620)

For every billion.... We traced it. Ninety-five per cent of it was in Liberal ridings, and of course I made a joke that the Liberals do what they do best, which is to go around and hand out other people's money to Liberal ridings. One of the things was \$10 million for a factory improvement for flavourings for sausages. Again, I scratch my head. Sausage flavourings for a private company get money, but \$400,000 needed for addiction recovery doesn't....

Inside, when I visited to check out the renovated kitchen, they had a wall up. On the wall, they had about a hundred plaques. Every single time a man graduates—succeeds in the program—they put his name on a plaque on the wall. These gentlemen are there for an entire year. This is not a one-week or one-month thing. They are there for an entire year. They had about a hundred plaques on the wall. It was very heartwarming.

There are a lot of people who, for lack of better words, flunk out. Alcohol addiction is very difficult. Opioid addiction is very difficult. There are a lot of men who cannot handle that. They cannot handle the isolation and cannot handle not having access to some of these things. Some drop out after a week. Some fall back into their old ways within a month, some in six months. Some make it through the whole year and get their plaque on the wall, which is heartwarming to see. Some, however, end up back on the streets. I was glad to see,

in the renovated restaurant and kitchen, that about a hundred plaques were up.

As I mentioned, Liberals over the summer were announcing billions of dollars for events, etc., in Liberal-held ridings. One of those that I found most offensive was that they spent I think \$68,000 for a reception. It was not a reception to announce a new bridge or perhaps a new sausage flavouring at a company. The reception was to celebrate past announcements. The announcement was to celebrate past announcements for \$68,000.

There was \$3.5 million in New Brunswick to build a tourist site where there used to be a French village a hundred years ago. History is great, but again, I'm not sure putting up a plaque and a couple of rocks around an empty field that used to be a French village is going to attract anyone, or how that's more important, perhaps, than the lives of those suffering from alcohol addiction. Again, I think it was still trumped by the \$10 million for sausage flavourings.

Again, though, I digress a tiny bit.

OSFI says it was only \$12,000 but over five years. They punted off the other questions. They went to parts (c) and (d). Again, I'll just remind everyone that this is with regard to the reports of a \$355,950 sole-sourced contract they paid Torstar—the Toronto Star—which was cancelled following the complaints.

We've dealt with parts (a) and (b). Parts (c) and (d) asked, "(c) does the government have enough employees to monitor committees without hiring the Toronto Star; and (d) what is the total number of government employees whose job" involves "monitoring parliamentary committees?"

This one is quite funny, because we discussed it again in the House today, you know, with the SNC scandal and the Liberals putting their hands into the justice committee and the question, does the government have enough employees to monitor parliamentary committees without hiring the Toronto Star. I think the answer is, yes. We've seen it here. Both sides play the game. Let's be up front and honest. I'm sure the Conservatives in the past did it. I'm sure that the Chrétien government did it, the Martin government did it and the Mulroney government did it, and I'm sure the Harper government did it as well.

We've all seen the parliamentary secretary stick his head in at votes. We've seen the people from the whip's office come. I actually saw, a couple of weeks before, I think, when we had the minister here.... We were going to put in a motion about a procurement study, and I walked by and the whip from the Liberals' office had gathered several of the committee members. I walked by and couldn't help but hear her giving direction on how to vote if I brought up the motion. We all know that the government directs committees and interferes. We certainly see it with the SNC scandal and the justice committee.

●(1625)

The response was quite funny. Again, the question is, does the government have enough employees to monitor the committees? We know they do. We see it day in and day out. We saw it Monday. The lady from the whip's office, from the government, was in and discussing things with government members here. The government, instead of offering yes or no to the question—and this is great, because it's almost taken right out of question period—with respect to whether or not the government has enough employees, gave this answer, “The government recognizes that committees are masters of their own domain.” I'm not sure if we've heard that before except in question period in the constant answer about the Liberals messing with the justice committee.

The answer continues with, “Under the previous government...” Here we go; blame someone else, of course. Again, I acknowledge that Conservatives, I'm sure, did it. I'm sure Mulroney did it. I'm sure Martin did it. I'm sure Chrétien did it. It states, “Under the previous government, parliamentary committees lacked independence and lacked resources. Instead, the current government has shown respect for the work of committees.”

On the lack of resources, I will note that there was no committee travel allowed. I think my friends in the NDP were denying unanimous consent for any committee travel.

An hon. member: It was out of concern for taxpayers' money.

Mr. Kelly McCauley: Yes, there was wonderful concern about taxpayers' money. I fully respect that. I had the same concern about taxpayers' money when I objected to our paying \$5 for an Uber to go and look at a server over in Gatineau or a couple of doors down for Shared Services.

We know that this whole thing about their respecting the independence of the committees is BS. Then there's this whole bit about their actually providing funding. What they're actually providing is junkets a lot of the time. This committee of course went on a Canada Post cross-country tour of 22 cities in 16 days. I think one day we had five different flights. We started at 4 a.m. and ended up back home at 5:30 the next morning, so it was a long day. There's no difference in the funding for the actual committees. The only difference financially has to do with committees being allowed to travel, period.

For their answer to the question about whether government has enough people to spy on their own committees—well, apparently OSFI is needed, but anyway—they say, “For instance, parliamentary committees have been strengthened by giving them more funding through the Board of Internal Economy so they can undertake the appropriate research and engage with Canadians.” This is not so much more funding as it is just the reality that we don't have an opposition that has been denying unanimous consent for travel.

They state, “The government has also ensured that the practice of electing committee chairs by secret ballot has continued.” I'm not sure; I've been on this committee from day one, and I don't know if I recall voting for the current chair. I'm sure that should be secret, but I think I should go on record as saying I oppose the current chair.

●(1630)

Mr. Kyle Peterson: You challenge the chair.

Mr. Kelly McCauley: I challenge the chair constantly.

In fact, it's funny, but I was reading the blues the other day. I didn't need the Toronto Star's \$355,000 to provide this summary for me. I just read the blues, which I have right here.

I remember challenging the chair—seeing as someone brought it up—as follows:

Mr. Kelly McCauley: I want to quote for you. This is from the commander of NORAD—

The Chair: You have about 10 seconds.

Mr. Kelly McCauley: That's [great]. Actually, I have 37 seconds.

I was actually recording it on my computer.

The Chair: I have a recording device as well.

Mr. Kelly McCauley: Then you said, “No, you have 12, 11, 10...” I will note that you added 20% to the time, going from originally 10 seconds to 12 seconds.

Then I thanked the gentlemen, and I think—

The Chair: I'm a giver.

Mr. Kelly McCauley: Well, it's not noted here, but I do recall some catcall of, oh, don't challenge the chair. But that's regardless.

This continues by saying that the government has ensured the practice, but we've always had that practice. I'm not sure why you're bragging about something that continues and that always has been done.

This says, “In addition, the House of Commons adopted a motion that enables Parliamentary Secretaries to be non-voting members of committees, ensuring that they can no longer vote on committees that fall within their minister's mandate, helping assure the freedom and independence of House of Commons standing committees.” Well, that's wonderful when you already have a majority to pass that, but again, we've still seen the parliamentary secretaries come in and give directions on how to vote. I'm not criticizing that specifically, because I know that previous governments have done it and that future governments will do it. It's just about the hypocrisy of patting yourself on the back as if it is anything special or anything different.

It also says, “The current government has put an end to the control the previous government had on parliamentary committees...” Again, other governments have done it and other governments will continue to do it. It's about the pure hypocrisy; there's no secret anywhere. I don't think anyone in Canada, not even at the Toronto Star, which we're laughing about, believes that the justice committee, or the seven members there, said, yes, it's time to move on; we've had enough. Actually, one of our own committee members, I think, said that when calling for an adjournment before there was even a discussion on it.

Then the final question—

Mr. Kyle Peterson: Really?

Mr. Kelly McCauley: I thought Mr. Drouin.... He's not even here to hear that, so I won't tease him much about it.

The final question was, “(d) what is the total number of government employees whose job involved, in whole or in part, monitoring parliamentary committees?” This was quite an odd answer: “The Privy Council Office has 0.5 full time equivalents whose time is dedicated to monitoring parliamentary committees.” I find it very odd that it's just 0.5 out of the Privy Council.

One of the big issues on this thing, besides the fact that they're giving a sole-source contract to what everyone knows is a Liberal-friendly mouthpiece.... Frankly, if roles were reversed and we had given, say, \$355,000 to, heaven forbid, the Rebel or the National Post, I'm sure there would be an equal outcry about that. If the \$355,000 had gone to Canadian Press, maybe, but the Toronto Star... not exactly.

I think it's important that we have the procurement ombudsman come and join us again. If anyone has read his annual reports—I'm a geek, so I like to—he really has a lot of great stuff in there. He presents a lot of concerns. He's been at our committee a couple of times to discuss things. One of the issues is sole-sourcing. Correct me, anyone, if I'm wrong, but I believe it's about \$50,000 that we're not...that governments should not be sole-sourcing contracts without a specific reason. Now, there are legitimate reasons when it's something like Microsoft. The product's not available for anyone else, or there's only one company available to do business, etc. But again, I have to question, of all the news media outlets out there....

One person we've all met is Kathryn May. She worked for the Ottawa Citizen covering government business and the Phoenix issue. Then she took a buyout and joined iPolitics. Kathryn May was one of the victims of the Toronto Star purchase and was laid off. I have to wonder why we would sole-source the Toronto Star to do this work when there are private media people out there who could very easily have done that, who could very easily have bid on it. We all saw Kathryn May here time after time, covering the whistle-blowers, Phoenix and other issues. She peripherally comes to mind, especially because she used to work for iPolitics.

I think we need to have him here to look at the sole-sourcing. A couple of years ago we did an OPQ on sole-sourcing, asking how many sole-source contracts had been awarded above the \$50,000 measure over a one-year period. This goes back to the Phoenix debacle with IBM's involvement, and also partly I think with our small business review. It may have been in our small business review that it came up that small computer companies, IT companies, were not getting a chance to bid. IBM was getting sole-source stuff because IBM was considered safe. I think the comment we heard was that no one ever got fired in the public service for hiring IBM. That certainly was the case with Phoenix hiring IBM and then messing it up. I don't think anyone got the boot for that.

We put in the OPQ and it actually came back. I think it was 28 pages of about 50 listings per page of sole-source contracts given by the government. One of the interesting ones we found repeatedly was the same total of \$89,086, repeatedly, for building maintenance, but for different companies and different cities—Quebec City, Ottawa, Gatineau, again and again and again; different companies. One of the companies that actually got the money was SNC-Lavalin for building maintenance. You know, I laugh about the government's claim of the 9,000 jobs at risk with SNC-Lavalin, which of course has proved to be a lie. One of the things SNC-Lavalin does, and it's

actually linked to this committee, is work for Canada Post. For anyone who has the community mailboxes in their neighbourhood, guess who does the snow removal for Canada Post around the community mailboxes? Anyone? Come on. I'm leading up to it. It's SNC-Lavalin.

The reality is that if SNC got banned from bidding on government business, such as with Canada Post, someone else would get the job. Bee-Clean or someone else would still get the job. It's the same with the building maintenance. Again, I have to wonder why there were so many \$89,086 sole-source contracts.

• (1635)

In a previous life, when I was in the hotel business, one of the tricks we would play—one of the tricks management working for us would play—is that if they had a dollar limit for which they could sole-source something without getting competing bids, usually we'd get three. If it was \$2,000, they would find the same company to do three bids at \$1,950. I'd sign off on the PO, or they could sign their own PO for up to \$5,000, so they'd sign multiple ones at \$4,500. If we're ever trying to catch someone who is knee-deep in kickbacks and stuff like that, that's one of the places to look. We should probably be looking at that for our friends with SNC.

That's one of the things that come up. When we have put in requests, we've never had an answer to what is it about building management that so many different companies—SNC and different companies—all get sole-sourced exactly the same total? It's not that this work could be done only by SNC, for example. You can't just give them a sole-source contract that way. It's not that these companies were the only ones available or with intellectual property attached to building maintenance, if there are all different companies. Again, why is there so much sole sourcing?

In software we saw multiple sole-source contracts for the same software but from different companies, again listed as their being the only people available. If you're buying Microsoft, I understand, but you can't sole-source a \$50,000 or \$80,000 contract from Best Buy and then do the same from Office Depot and say, well, Microsoft is the only software available. Why are they sole-sourcing the same software repeatedly? Actually, it was PeopleSoft. It's funny that it was PeopleSoft software—which, of course, is linked to Phoenix—but repeatedly, it was the same software. Maybe SNC-Lavalin should be hired to fix Phoenix. The same software was purchased repeatedly, sole-sourced to different companies for the same type of software.

If we have to buy PeopleSoft, because that's the existing software and we have to upgrade it, why is it through different companies that this is happening? We saw multiple things, again, sole-sourced contracts for photography. Again, in Ottawa alone, there have to be, if you look through the Yellow Pages—if such a thing exists anymore—or on Google, multiple companies doing photography.

I have to wonder. There was a scandal recently—I think it was Paris for COP or whatever the most recent environmental junket was. Maybe it was Czechoslovakia. The Minister of the Environment spent tens and tens of thousands of dollars for a private photographer to follow her around and snap pictures of her. Surely there have to be a lot of people in Ottawa who do that. Again, why are we sole-sourcing photography? We actually sole-sourced bands to play at events. I have to wonder, again, why we are sole-sourcing bands.

When we started the greening of government, we had people in from different departments, and the subject of buying new cars came up. The government said, “Well, we're only going to buy hybrid cars, electric cars”, but none of those were purchased for the RCMP for the G7. When I asked why they were choosing those cars, they said that those ones were available. Again, it goes back...and then we need to have further investigation and procurement. We've seen that the bureaucrats are not even following their own orders. We asked if the rule was to buy a hybrid car like a Prius. They said that they couldn't find one for an SUV. But there are hybrid SUVs. They bought a bunch of Nissan Rogues. Surely if you can fit four people into a Rogue, you can fit four people into a Prius or a hybrid Hyundai Tucson or a hybrid Camry. I'm wondering, again, if we are going out sole-sourcing from these companies, maybe we should be buying Chevy Volts to keep GM in Canada.

• (1640)

Mr. Daniel Blaikie: Is Chevy Volt made in Canada?

Mr. Kelly McCauley: Is it made in Canada? That should be the rule. We should be focusing on that.

Why are the government people going out on their own and possibly violating government rules? Again, we have 28 pages and 50 lines per page of stuff. Some of it was neat. General Dynamics is in there. We sole-source missiles with General Dynamics, which is pretty cool. It lists which ones. There are bullets, rockets, cannon shells and stuff like that.

I want to move on to the sole-sourcing. One of the things that worries me very greatly is the whole larger procurement thing that's going on. We've asked repeatedly to have a procurement study here. That's been shut down continually. I'm not really sure why. Procurement goes back.... Procurement was a problem in the previous government. It was a problem under Chrétien; there were scandals then. There were problems under Martin. This is a non-partisan thing that we need to fix not only for taxpayers, but also for our military and the Coast Guard.

Leonardo was recently in the news. If you don't know what Leonardo is, it's one of the companies that was bidding on the fixed-wing search and rescue plane. There were 18 of them. This goes back to a previous problem with procurement that was made famous because the original RFP that someone delivered was I think 3,700 pounds. It was in the news because there was so much paper in the

RFP that it took a delivery van to deliver it. Why it has to be delivered by paper and not just burned onto a CD or put onto a Zip drive, I'm not sure. When you think about it, a 3,700-pound 10,000-page RFP was submitted.

Leonardo bid on it. Airbus bid on it, and they got the contract. Leonardo sued the government. It turned out that Airbus had overbid by a billion dollars and actually added components and features to the bid that were not asked for. They won with a \$4-billion bid on a \$3-billion cap. You have to wonder. At 3,700 pounds and 10,000 pages, what the hell could they have possibly left out such that Airbus found an extra billion dollars' worth of features? You'd think that with 10,000 pages of an RFP you would cover everything possible, not only for fixed-wing search and rescue, but tanks and surface combatants.

Anyway, Airbus got the deal. Surprisingly enough, part of the Airbus deal was a big contract for PAL in Newfoundland, in Judy Foote's riding. Of course, Judy Foote was the procurement minister at the time. Heaven forbid that there be pork-barrelling.

Leonardo sued the government. The government of course denied it, but then out of the blue Leonardo dropped their lawsuit, and lo and behold, guess what Leonardo got? A \$5-billion sole-source contract from the Government of Canada. We have Airbus, which was playing footsies with Bombardier at the time and bailing Bombardier out. We've seen the government give \$300 million to Bombardier, with which they promptly gave I think \$30 million for bonuses.

Money has been poured into Bombardier like it's going out of style. They're in trouble. They can't sell the C Series. I think they had orders for two of them. In walks Airbus, with a non-compliant bid of a billion dollars over, while at the same time they're negotiating to bail out Bombardier. They get the deal—it's probably just coincidence—for a billion dollars more. Leonardo sues us, and the government says it was just a coincidence that they got a \$5-billion sole source contract.

Again, that goes back to issues with procurement. There was a recent scandal, and I want to touch on this because I think it goes back to the sole-source thing. When we met with DND officials for a briefing about the combat ships that eventually went to...Irving eventually chose the T26 design. One of the things they told us was that Irving, as the general contractor, could sole-source to itself without government oversight. I asked how that was possible. Their comment was that Irving is so large that they are sometimes the only supplier.

I'm going to again loop back to when I was in the hotel business in order to use an example. When we bid on the Vancouver Olympics, in order to avoid price gouging, the hotel association had to get together and commit a certain percentage of rooms.

• (1645)

They can only charge, basically, inflation added onto the current price. So, you're bidding 10 years out. If the average rate in Vancouver, for the sake of argument, is \$200 right now and they're bidding for the Olympics 10 years from now, they're only allowed to add a small percentage on top of the existing one. It stops price gouging from setting rates after the announcement.

You would think the government would have that set up with Irving. If Irving is the only one that can do the business and they'll sole-source from themselves, there has to be some proof that this is the normal rate they offer everyone else, and that they do not just charge what they want. But it turns out the government has no oversight on this. The comment from PSPC—and to this day, I find this just dumbfounding—was “Irving has given us their word that they won't do that.”

Now, I'm pretty sure every oligarchy through time has always been upfront and honest about charging government when they have a monopoly. Sure, you can have people thinking the point of having a monopoly is to gouge people and charge what you want, but I think when you look at the government and Irving, it's just, well, you know, “They've given us their word, so it's not a problem.”

I actually sat down after that with the head of Irving and asked him about that, and he actually denied that. So Irving or PSPC, one of the two, is either incompetent or lying about it. Hanlon's Razor says to never attribute to malice what you can attribute to incompetence, so maybe Hanlon's Razor is in effect here, and one of the two is incompetent. But there is that blurring of lines between where the government ends and where, perhaps, the interests of Irving begin and where the interests of PSPC, the bureaucrats, are.

Of course, we all know of the Admiral Norman issue, in which our friends at Irving were quite involved, SNC-style, in discussions with the former Treasury Board president, Mr. Brison. That's quite remarkable they would go after Admiral Norman, even though Admiral Norman wasn't in the meeting in which the leak occurred. I think he was ten time zones away in Europe at the time.

• (1650)

The Chair: For clarity and for the record, are you referring to Vice-Admiral Norman?

Mr. Kelly McCauley: Yes, I mean Vice-Admiral Norman. Sorry.

The Chair: Thank you. Sorry for the interruption.

Mr. Kelly McCauley: Vice-Admiral Norman, in my understanding, was in Europe at the time this happened, but what's remarkable is that there was someone from ACOA who was at the cabinet meeting. You have to wonder why someone from ACOA was there. Funnily enough, also at that cabinet meeting was none other than Gavin Liddy, who was one of the main principals of the Phoenix scandal. It was remarkable. Two of the main characters of Phoenix were also at that same cabinet meeting.

Now, cabinet meetings are known to leak like sieves, and DND is the biggest sieve. Actually, I don't even think that DND can be considered a sieve. I think it's more like a basketball hoop, where everything just goes right through. They're well known for that. As for why they targeted Vice-Admiral Norman, it seems to be because he was the one most favouring the *Asterix*, getting the *Asterix* out the door to serve the men and women in the Canadian Navy.

It's quite remarkable that out of all the procurement that's been done in the last decade, the only one that's been on time and on budget has actually been the *Asterix*. Funnily enough, as one of the people who was investigated—and it only came out because of Vice-Admiral Norman's lawyer—a gentleman at ACOA apparently has been named as the person who leaked this information. His lawyer was in the news recently in a David Pugliese article a couple of days ago, complaining that he's been under investigation for two years now, but he hasn't been fully charged, I understand.

What's remarkable about this gentleman is that he was transferred from ACOA to PSPC about two years ago, at about the same time that the RCMP started investigating him. PSPC and the government would have known this. I have to wonder if he was transferred from ACOA to PSPC after the investigation started or before. If it was before, why would they transfer him? If it was after, I wonder why he was transferred from ACOA to PSPC in the first place.

Now, this leads to a different story from Mr. Pugliese, and again brings up the worry about sole-sourcing. Again, it goes back to Irving being able to, I'm told, sole-source to themselves.

We don't know what, as general contractor, Irving is allowed to charge as their markup. Generally, if you're the general contractor building a house, it's 10% above or 5% or 14%, whatever you negotiate above the cost of your subs. Now, I've heard stories that the AOP ships are on fixed price and the CSCs are on cost-plus. I haven't received a straight answer from anyone. No one seems to know. I have been told that it's working on a half a per cent markup, which is an extraordinarily high markup, but again, if you think about it, and if it's true.... If it's not, I'd love to have PSPC come to make a statement that it's not true, that they were wrong in their briefing to us, if the example used was tugboats. Apparently, Irving is the only one that has tugboats in the area where they're building the CSCs, which is funny enough. You can look at the supplementary (A)s. I think they got about a \$500-million sole-source contract from DND for their tugboat company.

Think about it. They can subcontract to themselves at any rate. If it's a \$100,000 regular job, they can subcontract to themselves at half a million, and then add their 14%, 12% or 20% above that price. They can overinflate the price that they want, and then add their contracting fee on top, just for contracting to themselves without any oversight.

I want to loop back to that gentleman who had been charged with leaking that information, who had been with ACOA and then PSPC. Not the last time but the time before—two times ago—when we had the ministry here for the supplementary (A)s, we asked about the gentleman and when he had been suspended, and they were, like, “Oh, we don't know when he was suspended.” I find it quite remarkable that somebody who you know has been under an RCMP investigation and has been suspended from PSPC.... How they didn't know that? They said, “Well, we'll get back to you.”

They actually followed up several times with our clerk, but I think it took four months for the government to actually finally answer, and it makes me wonder again: what is PSPC trying to hide or why is PSPC trying to protect the government or protect someone from the scandal? Why do they not know? Why not be open about when the suspension was? Even if they didn't know at the time, it seriously would take only 30 seconds for a text or a quick phone call and a response to the committee. The fact that it took four months makes me wonder what PSPC is up to.

• (1655)

That leads into this next thing. I want to read this article from David Pugliese, which just came out on March 18. The headline is “A reporter asked the government about a Navy ship—then got a call from an Irving president”. Again, this goes back to where the line is between where Irving ends and the Liberals begin, and where that ends and PSPC begins. We've seen repeatedly in committee ADMs and others not being forthright with information, but seeming to be protecting either Irving or Seaspan or the government from being open with Canadians and taxpayers.

This is a non-partisan thing, whether it's Conservatives who may have messed it up and it's currently being messed up under the Liberals or whatever. I know everyone around this room wants what's best for taxpayers and what's best for our men and women in uniform—which is the same with all 338 people in the House. Why we don't expose this incompetence and get it fixed is beyond me.

Again, there is this headline, “A reporter asked the government about a Navy ship—then got a call from an Irving president”. The article states:

Ninety minutes after Postmedia reporter David Pugliese submitted questions to two government departments about a possible issue on a navy ship, he received a phone call from the president of Irving Shipbuilding.

Ninety minutes—if you think about it, when you make a phone call.... It took us about four months to get an answer about when someone from the government was suspended, and yet they act like the Road Runner on steroids when it's Irving. The article continues:

Pugliese was following up on a tip about potential problems with the welding on the new Arctic patrol ships that Irving is building for the Royal Canadian Navy. He submitted his questions to the Department of National [Defence] and [PSPC].

But instead of receiving a response from the federal government, he received a phone call from Irving Shipbuilding president Kevin McCoy, followed by an email from the company threatening to sue.

It's 5:00 p.m. now, so I should be getting my phone call at about 6:15 with the way it's going. The article continues:

The defence department has confirmed it contacted Irving and informed them of Pugliese's identity, and says it is investigating whether this violates the Privacy Act.

They're not saying that it's wrong, that it's disgraceful, or that it's an attack on our free press. They're only investigating whether this violates the Privacy Act. Here we have DND acting not on behalf of openness, not on behalf of transparency, not on behalf of taxpayers or the men and women who have to be in those ships with the faulty welding. They're acting on the behalf of Irving. The article continues:

“Regardless of that outcome,” the department [says]...“this is a matter we [take] extremely seriously... we have already issued interim direction to anonymize media requests pending further information.”

Again, they don't say they will stop passing the information on to Irving or Seaspan or Davie or anyone else. It's just, “We will fink out the reporter, but we will hide their name.” This I find incredibly frightening, that the free press wants to put in a question to the government, and the government's response is, “We'll pass it on to a private industry to threaten to sue you, but don't worry; we'll hide your name.” Postmedia has one reporter covering national defence. If it's not Pugliese, it's Murray Brewster. It's not hard to find out who's making the questions.

Irving Shipbuilding did not respond to a request for comment. Pugliese, who wrote about the ordeal for the National Post, spoke with *As it Happens* guest host Helen Mann. Here is part of their conversation:

She asked:

You have had a few days to absorb what happened—what is top of your mind...?

He said:

Well, I guess the question that I've got—and it still hasn't been answered—is what's the level of co-ordination between this company, Irving, and the federal government?

So, again, it's not just me who worries about the blurring of lines between SNC-Lavalin and the government, or Irving and government, or Irving or DND; it's a very well-respected press man who has been covering DND issues for decades.

• (1700)

The Chair: Once again, my apologies, Mr. McCauley.

Colleagues, even though bells will start ringing in about 12 minutes and I understand, Mr. McCauley, that you have far more material you'd like to share with the committee, since we do not have any officials before us who I could call, even if you concluded your remarks immediately—and I'm just saying this out of patent obviousness—I don't think it would be untoward of me to say that I think we've perhaps heard enough and we can all agree to adjourn.

Mr. Kelly McCauley: I've barely started—

The Chair: You've barely scratched the surface.

Mr. Kelly McCauley: —but I will take your counsel instead of challenging the chair.

The Chair: Seeing no objections to that, colleagues, we are adjourned.

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