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• (1100)

[English]

The Chair (Mr. Robert Kitchen (Souris—Moose Mountain, CPC)): As it is 11 o'clock, I will call the meeting to order.

Welcome to meeting number 31 of the House of Commons Standing Committee on Government Operations and Estimates. The committee is meeting today to begin its study on the outsourcing of contracts.

We have representatives here today from the Treasury Board of Canada Secretariat, Public Services and Procurement Canada, and Shared Services Canada.

Today's meeting is taking place in a hybrid format, pursuant to the House order of June 23, 2022. Members are attending in person in the room and remotely using the Zoom application. Regarding the speaking list, the committee clerk and I will do our best to maintain a consolidated order of speaking for all members, whether they are participating virtually or in person. I'd like to take this opportunity to remind all participants of this meeting that taking screenshots or photos of your screen is not permitted.

I'd like to welcome the witnesses. For opening statements, we will start with the Treasury Board, then hear from PSPC, and finally SSC. You will each have five minutes to make an opening statement.

We will start with Mr. Franco.

You can begin.

Mr. Emilio Franco (Executive Director, Procurement, Materiel, and Communities Directorate, Treasury Board Secretariat): Thank you, Mr. Chair.

My name is Emilio Franco. I'm the executive director responsible for procurement policy within the office of the comptroller general at the Treasury Board of Canada Secretariat.

I'm pleased to be here today with my colleagues from Public Services and Procurement Canada, as well as Shared Services Canada.

[Translation]

I will begin by explaining how the Treasury Board Secretariat supports the management of investments and procurement.

The Office of the Comptroller General is responsible for providing functional direction and assurance on financial management, the management of our services and acquired assets, and internal audits across government.

Specifically with respect to services and acquired assets, the Office of the Comptroller General provides policy and guidance to investment planning, projects and procurement.

Government procurement ensures that the Government of Canada has the necessary tools and expertise to successfully deliver programs and services, while ensuring best value to the Crown through fair, open and transparent processes.

[English]

The procurement of services is used to complement the work of Canada's professional public service and enables the government to acquire special expertise and meet fluctuations in workload. Shortages in certain groups and specific geographic locations also make the use of professional services necessary to maintain operations. For example, service contracts are put in place for nurses to deliver temporary health care in northern Canada, where support is critically needed. Service contracts are also put in place for firefighters brought in to help quell forest fires in British Columbia. The government also requires services to operate and maintain our assets and facilities, such as cleaning our buildings and repairing our vehicles.

While Treasury Board sets the policy direction for government procurement, deputy heads of federal organizations are responsible for ensuring the resources are in place to deliver on their respective organizations' mandates. This means that the decision to use procurement to meet operational requirements rests with the departments and falls under the responsibility of the respective deputy head. Ultimately, departments must exercise due diligence and the effective stewardship of public funds when awarding contracts, which are required to be issued in a fair, open and transparent way in accordance with the Treasury Board's policies, laws, regulations, guidelines and frameworks concerning procurement.

In closing, let me reiterate that procurement is an essential part of how the Government of Canada delivers programs and services to Canadians. The government has the processes, systems and controls in place to ensure that procurement is conducted in a manner that upholds the values of fairness, openness and transparency while meeting public expectations in ensuring best value.

Thank you again for the invitation today. I would be happy to answer your questions concerning the Government of Canada's procurement policies.

I'll pass it to my colleague.

The Chair: Thank you, Mr. Franco.

We'll now go to PSPC. I'm not certain who the speaker is for PSPC, but it looks as if it's Ms. Royds.

You have the floor.

Ms. Mollie Royds (Associate Assistant Deputy Minister, Procurement Branch, Department of Public Works and Government Services): Thank you.

Good morning, Mr. Chair and members of the committee.

Thank you for giving me the opportunity to speak to Public Services and Procurement Canada's outsourcing procedures in my role as associate assistant deputy minister of procurement.

I am joined today by my colleagues. Kim Steele is PSPC's assistant deputy minister of digital services and chief information officer, and Ron Cormier is director general, business and technology solutions sector.

As you are aware, Public Services and Procurement Canada, or PSPC, procures goods and services on behalf of departments and agencies throughout government. These procurements range from office supplies to military equipment and everything in between. The department buys, on behalf of other federal organizations, some 24 billion dollars' worth of goods, services and construction each year from nearly 10,000 suppliers.

[Translation]

Public Services and Procurement Canada works in conjunction with Shared Services Canada to procure information technology services for departments and agencies that offer digital services to Canadians, and we do this in the context of the laws, regulations, policies and directives that govern procurement; including those set by our Treasury Board Secretariat colleagues.

As with all of our contracting actions, Public Services and Procurement Canada seeks to enhance access, competition and fairness in a way that aims for the best value to the Crown and the Canadian people.

The department's procurement processes are implemented with the goal of accountability and integrity, and there are checks and balances in place to ensure government contracting withstands the highest scrutiny.

Additionally, every effort is made to make sure that our processes are open and fair to bidders.

That scrutiny extends to contracting out for services, including professional services and information technology services. The decision to make-or-buy, which is often referred to as outsourcing, is made by our clients, and can be done for several reasons. They include accessing specialized skills or knowledge that may not exist in departments, including skill shortages in information technology

areas of expertise, which are in high demand across the government and the private sector.

These services may also be contracted out if there is a need to transfer knowledge that is not available within the public service, or to provide surge short term capacity that cannot be met with the human resources in place in departments.

● (1105)

[English]

Before IT services are contracted out, the client departments are responsible for making all reasonable efforts to use existing or new employees of the public service. They are, therefore, responsible for making the make-or-buy decisions. Once they have made that decision, we manage the procurement process.

In doing so, PSPC has mechanisms in place to ensure that cost estimates and contract values reflect actual expenditures. For example, for task-based contracts, such as the contracting of human resources, expenditures are tracked against submitted time sheets, which the clients review to ensure that the hours worked are accurate and reflect the work completed. For solution-based requirements, such as conducting studies and producing advisory reports, contracts are often based on firm prices, and competition establishes pricing and provides the assurance of value for money.

I should note that small to medium enterprises make up the vast majority of Canadian suppliers that receive government contracts, approximately 88%. Along with the department's work to ensure that small and medium enterprises are engaged in federal procurement, PSPC procurement specialists are leveraging the government's buying power to support social and economic goals. This includes helping to generate jobs and growth and to increase the participation of under-represented groups. For example, to help the government meet the target of awarding 5% of federal contracts to indigenous businesses, procurement specialists may choose to restrict their supplier search to only those suppliers who have identified as indigenous. This is in line with the procurement strategy for indigenous businesses.

PSPC is also developing a supplier diversity program, which is a core component of the supplier diversity action plan announced by the government in January of this year. I know that these topics will be explored by this committee at upcoming meetings.

To conclude, I would like to emphasize that PSPC remains committed to ensuring that our procurement processes are open, fair and transparent. This extends to contracts for human resources and IT services. In the end, this will ensure the best outcomes and best value for Canadians.

Thank you.

The Chair: Thank you very much.

We will now go to Shared Services Canada.

[Translation]

Mr. Patrice Nadeau (Assistant Deputy Minister, Networks and Security Services, Shared Services Canada): Thank you, Mr. Chair and members of the committee, for your invitation to appear today.

I am happy to be able to address you today, and answer your questions along with my colleague.

[English]

I'm the assistant deputy minister of networks and security at Shared Services Canada. I am joined today by my colleague Samantha Hazen, assistant deputy minister and chief financial officer.

The current digital landscape is a highly complex system of network infrastructure. Shared Services Canada is modernizing our IT infrastructure. To realize the vision of a digital government, we must deliver end-to-end digital services to public servants and Canadians. A high-performing and resilient enterprise network is a key underpinning enabler of a digital government.

Technologies are rapidly changing. It is essential that the Canadian government keep pace, and as the COVID-19 pandemic has shown, it's even more critical in a crisis. SSC has taken an enterprise approach to modernization. This means that SSC continues to consolidate, standardize and modernize networks across government. We are ensuring that our strategy is aligned with current best practices and is adaptable to future requirements for our network and security services.

To get where we want to go, SSC has been investing in the development of standards, IT infrastructure, contracts consolidation, and technology simplification and standardization, as well as a modernized procurement strategy. SCC has established a robust project management process that involves assessing all potential options to deliver new services or address new needs. After looking at best practices, capacity and existing solutions, SSC determines the process that best allows it to deliver products and services that are cutting-edge and aligned to global best practices and offer extensive support and functionality to users.

As we continue to effectively modernize how we deliver digital services to Canadians, we are increasing our workforce and investing in attracting and retaining talent from across Canada. We are committed to continuing to train our existing workforce to adapt to a rapidly changing IT landscape and emerging needs. Our employees are our greatest asset.

The complexity of our IT infrastructure and the speed with which we are modernizing do not always allow us to use in-house expertise. When working with external service providers, our employees provide the guidance necessary to ensure success in all of our initiatives.

Over the past two and a half years, we have adopted digital solutions to unprecedented challenges at lightning speed. In these times of rapid changes to technology and security, speed and scale matter. Execution and implementation matter. In order to effectively deliv-

er on our initiatives, we comprehensively assess our business objectives and determine the best way to meet them.

These are situations where we must rely on commercially available resources in order to focus on the strategic side of a project. Examples would be the mobile device service, which offers three types of cellular plans and a broad selection of mobile devices, and the Government of Canada's wide area network, which is a fully managed network service that interconnects our partner or client locations across metropolitan, regional, national or international boundaries.

When we are required to outsource, SSC conducts transparent, open and fair processes as per the Government of Canada's policy on the planning and management of investments and the directive on the management of procurement. Our employees are critical in ensuring that these processes are successful. Whenever possible, SSC uses competition to get the best value for Canadians.

Industry has been and will continue to be a critical stakeholder as we work to transform the federal government's information technology infrastructure systems. SCC's procurement strategy involves leveraging private sector expertise through early engagement, flexible process and the ability to mitigate the risks.

Our agile procurement process 3.0 is a highly collaborative approach to procurement that will also help the Government of Canada with its socio-economic and climate-related policy objectives. Our strategy includes reducing the barriers to entry for small and medium-sized enterprises and companies run by women, Black or indigenous people, persons of colour and other under-represented groups.

In 2021-22, 66% of SSC-funded contracts, valued at approximately \$746 million, were awarded to small and medium enterprises. Of these, 90% of the total number, which is also 90% of the value of those contracts, were awarded to Canadian small and medium-sized enterprises. There is an impressive array of Canadian small and medium enterprises, and we are encouraged to cast a wider net in procurement opportunities to tap into that knowledge and innovation. SSC is committed to getting more Canadian companies involved in competing for government contracts.

Shared Services Canada is working hard to create economies of scale, more secure and reliable services, faster turnarounds, enhanced collaboration, reduced risk and an agile procurement process that is fair and transparent, ultimately better serving Canadians.

Thank you.

• (1110)

The Chair: Thank you, Mr. Nadeau.

We will now go into our questions. We will start with Mr. McCauley for six minutes.

Mr. Kelly McCauley (Edmonton West, CPC): Mr. Chair and witnesses, thanks very much.

I have to start with just a point that none of you are here in person for this very important study. Perhaps in the future we'll see the folks actually come into committee.

Treasury Board, I would like to start with you. What was the spending of the last fiscal year on consulting companies such as Deloitte, etc.? It had been reported that the year before it was \$16.7 billion, I think. What was it last fiscal year, please?

• (1115)

Mr. Emilio Franco: Thank you for the question.

Unfortunately, I don't have the numbers in front of me, Mr. Chair. The information is available in the public accounts.

We're happy to get back in writing with the specific numbers, if the committee wishes.

Mr. Kelly McCauley: Yes.

For the public accounts, of course, I know the letters of representation have been signed off on, but they haven't been published yet. Parliamentarians, unfortunately, do not have access to them yet. Maybe you could let us know.

I'm going to stick with the general outsourcing to the consulting companies. Over the last five, six, seven years, the size of the public service has grown quite rapidly. Without benefits, salaries are about \$50 billion.

If we use.... Two years ago, the dollars spent on consulting companies rounded up to \$17 billion. That's almost a 34% add to our cost for providing what perhaps many people think the public service should be offering.

Does the Treasury Board have a sense of concern about this almost ghost department making up such a large amount and about the criticisms that a lot of these reports should be done by our ever-expanding public service? What does it say about the size of our public service if we have to outsource so many contracts to the Deloitte of the world?

Mr. Emilio Franco: Thank you for the question.

As I mentioned in my opening remarks, there are a number of reasons why service contracts may need to be put in place. I mentioned the examples of nurses for temporary health care in northern Canada or firefighters for British Columbia. Also—

Mr. Kelly McCauley: Sorry, sir, I'm going to interrupt.

I'm talking solely about contracts to the Deloitte and the McK-inseys, etc. The nurses hopefully do not come through Deloitte. I just want to stick to those ones.

Mr. Emilio Franco: Thank you for the question.

As I mentioned, the decision to procure rests with the departments. I would turn to the departments if you have questions regarding specific contracts that may have been put in place.

Mr. Kelly McCauley: Does Treasury Board have any role, apart from setting a general framework? Does Treasury Board, as a guardian of the public purse, ever follow up on any of these contracts that are sent out?

Mr. Emilio Franco: Thank you for the question.

As you highlight, Treasury Board does set the administrative policy framework for procurement, which is guided by principles of fairness, openness, transparency and integrity. Although TBS does set this policy framework, in practice the accountability rests with deputy heads.

Mr. Kelly McCauley: Does Treasury Board, as the keeper and guardian of the public purse, ever do any follow-up on the billions of dollars being spent?

I want to give you an example. We had a controversy that we actually studied in this committee. It was about PSPC and Global Affairs sending a contract to a Chinese state-owned tech company to do security work for our embassies. The government then hired Deloitte and paid them a quarter of a million dollars to do basically a four-page report with a recommendation to not contract out sensitive security tech to despotic regimes.

Who is overseeing this? It's Treasury Board's responsibility overall, but who is overseeing this massive increase in outsourcing to ensure that Canadians are getting value for their money and that they are actually following the Treasury Board guidelines, if Treasury Board itself is not doing it?

Mr. Emilio Franco: Thank you for the question.

The administration of government contracts is subject to internal audits by the given departments, as well as the Auditor General. The findings of those reports are—

Mr. Kelly McCauley: Are those audits outsourced to Deloitte as well, or are they actually done by public service?

Mr. Emilio Franco: I cannot speak to the specifics of an individual audit, but the Government of Canada does make use of public servants for internal audits, and it does make use of contractors to conduct audits.

Mr. Kelly McCauley: Would you make public those audits to this committee, please, if any are done through Treasury Board? I'm sorry if I missed that part. Was it solely done by the AG?

Mr. Emilio Franco: There are audits conducted by the internal audit organization of each departmental organization, many of which are published on their respective departmental websites. Of course, the Auditor General's reports are public for all. If there is a specific audit report this committee is interested in reviewing, I'm happy to take that away and have the department get back with a response.

Mr. Kelly McCauley: Thanks.

I'm going to switch over to Public Works, please.

I want to give you an example. I have an order paper here, and this is only one of four we've put.... This one is about 500 pages, listing all of the contracts given out to various consulting firms. This one is Deloitte. I'm looking at three dates, a week apart, each one worth \$72,000 for scene security and event security services. Basically, Deloitte was hired three separate times to see if the contract was awarded fairly and in a transparent manner. It's a quarter of a million dollars, repeating the same item three times in a row.

Do you find that justified, PSPC?

• (1120)

Ms. Mollie Royds: Thanks very much for the question, Mr. Chair.

As was alluded to in our opening remarks, there are a variety of reasons why we outsource specific tasks, whether it's for specialized skills or a surge capacity or other elements that are lacking in our in-house expertise—

Mr. Kelly McCauley: There are 15,000-odd employees—

Ms. Mollie Royds: I'm afraid I don't have the specific line item that is being referred to here, so I would have to look at that particular information. As I said, when we outsource to a consultant company for specific work, that is generally in line with that rationale. Again, as a common service provider, we do this on behalf of other government departments and our clients, who are the holders of the technical requirements.

The Chair: Thank you.

We'll go to Ms. Thompson for six minutes.

Ms. Joanne Thompson (St. John's East, Lib.): Thank you, Mr. Chair, and thank you to the witnesses.

My initial questions are really open to all witnesses. Please feel free to provide the perspective from your own departments.

The first point is around special expertise. What sort of special expertise does outsourcing let the government access when they don't have in-house expertise? What is it that really defines that special expertise, in relation to what exists within government departments?

It's open to all witnesses.

Mr. Emilio Franco: Perhaps I'll start, Mr. Chair. Thank you for the question.

I would say there's a broad range of expertise that the Government of Canada needs in order to deliver on its programs and services. It's not to say that that expertise may not reside in government, but in many cases that expertise either needs to be complemented or supported, or is only available for particular activities, and that needs to be augmented or supplemented.

Perhaps I would turn to my colleagues in PSPC or SSC to speak to specific areas of expertise that they are seeking as part of their own program activities.

Ms. Kim Steele (Assistant Deputy Minister and Chief Information Officer, Digital Services, Department of Public Works and Government Services): Perhaps I can speak for PSPC.

As the chief information officer, I support a portfolio of over 300 applications, many of which are mission-critical. Some reside on legacy technology, so finding expertise to continue to support these applications can be challenging, particularly nowadays with the mobility that's taking place in the workforce. If I need, very specifically, a coder who has expertise in the COBOL programming language, which is old, that's a scenario where we will often have to go out and look for that expertise in the private sector. That's one example.

Mr. Patrice Nadeau: Maybe I can add to that from Shared Services.

As my colleague from the Treasury Board was saying, it's a combination of both. It's the specialized expertise but also just the incremental capacity that we need. The nature of our business right now means that the demand exceeds capacity. In addition to our own workforce, we do need to increase our capacity to deliver on all of the projects, especially when we adopt new technology as part of our network modernization initiatives right now, which we've actually posted on our website.

Adoption of the cloud is fairly new for the government. This is where we would probably also need extra capacity and expertise. We're deploying software-defined networking. We're adopting zero-trust architecture. Those are actually new technologies, new ways of doing things for us. Specialized expertise to complement our own capacity is required.

Ms. Joanne Thompson: Thank you.

Could each department respond to how outsourcing helps meet unexpected fluctuations and life events, COVID in particular?

Do we want to start with Public Works and Government Services?

• (1125)

Ms. Kim Steele: Sure. Again, I'm responsible for the digital portfolio within PSPC.

Often, as Patrice mentioned, we are looking at innovation, new technologies. Sometimes those become projects. In kicking off or launching a new application, we often require expertise for a limited period of time. We will bring in consultants to work with our staff to get the initiative launched. We work with those consultants to ensure that the knowledge transfer and expertise remain in-house. When the project is over, it falls back on the public servants, the staff within my organization, to maintain that application going forward.

Ms. Joanne Thompson: Thank you.

Would Treasury Board like to respond?

Mr. Emilio Franco: Thank you.

As our area of responsibility is procurement policy, we do not actually do procurement ourselves, in my organization, so perhaps I'll move to Patrice to provide a more fulsome response.

Mr. Patrice Nadeau: Thank you, Mr. Chair.

Actually, it's very similar to what my colleague from PSPC said. Obviously, we're running a large portfolio of projects here at Shared Services Canada. The ability to grow fast is very often important. This is done by leveraging professional services in a number of cases. Very often, we have a start date, end date and clear deliverables. Those are perfect opportunities to augment our capacity by leveraging private sector resources.

You mentioned COVID. That's also a good example. When we need to respond to a crisis and to a surge of demand, for us it's absolutely critical that we have in place contracts, so that we can tap into those resources fast and for a short period of time. It allows us to help our existing staff with this increased demand.

Ms. Joanne Thompson: Thank you.

I'll zone in on Public Works and Government Services for this question.

Many recent budgets have included funding for system stabilization. Was that the case a decade ago? If not, why not?

Ms. Kim Steele: Thank you for the question.

I wasn't here a decade ago in this particular role. However, ongoing investment in maintaining technology is something that needs to occur on a regular basis. With the rapid evolution of technological change, we need to continue to invest in keeping our applications and systems up to date and current, in order to ensure that we address security threats, as an example.

Unfortunately, sometimes it can be challenging to maintain those systems and keep them up to date. When that happens, we fall behind, so additional investments may be required. The best practice is to maintain our applications and continue ongoing investments in ensuring that the systems are maintained, stable, current and up to date.

The Chair: Thank you, Ms. Steele.

We'll now go to Ms. Vignola for six minutes.

[*Translation*]

Mrs. Julie Vignola (Beauport—Limoilou, BQ): Thank you very much, Mr. Chair.

Thank you to the witnesses for being here and for making the effort to give your speeches partly in French, which is greatly appreciated.

I will turn to Ms. Royds, who I think is better able to answer my questions.

Ms. Royds, in recent years, we have heard about situations where mainly women were used as contract workers in the public service for their entire career. However, when it came time for them to get permanent status, to have the same social and retirement benefits as permanent public employees, they were laid off temporarily for two, three, four weeks. Then they were rehired to do exactly the same work.

The result is that even if they spend their lives in the public service doing the same job as a public servant, they never get the same benefits.

On the one hand, why did this practice exist?

On the other, does it still exist now?

• (1130)

[*English*]

Ms. Mollie Royds: Thank you very much for the question, Mr. Chair.

I can speak to this from the perspective of the role of the common service provider as PSPC, where we support other government departments in their work when they require outsourcing in order to achieve certain types of work. For instance, if they are looking for particular specialized skills, as well as in relation to special—

[*Translation*]

Mrs. Julie Vignola: Excuse me for interrupting.

I am talking mainly about women who spent their lives in the public service, but without the title of public servant, because they were on contract. When it came time to get a permanent position, they were laid off. At the end of their working lives, they ended up without any of a public servant's benefits, when in fact they worked as one their entire lives.

Is this still happening now?

[*English*]

Ms. Mollie Royds: Thank you very much for the question, Mr. Chair.

In that particular instance, it would be important for me to outline that we have policies in place to mitigate against the instances of what would be called an “employer-employee relationship”. We have particular policies in place to ensure that when we put contracts in place and bring in outsourced resources, we're doing so for a specific task or deliverable or a specific solution.

That, again, is to mitigate against the exact instance of what could be considered an employee-employer relationship, whereby someone would take on a role, like a public servant, as an employee of Canada. We have the policies and procedures in place to—

[*Translation*]

Mrs. Julie Vignola: Thank you.

[*English*]

Ms. Mollie Royds: —ensure that we mitigate and assess risks.

[*Translation*]

Mrs. Julie Vignola: Since when has this policy that you mentioned been in place?

Can you assure me that, right now, there are no women on contract—I say women, because they are mostly women—doing exactly the same job as the full-time public servant working beside them, but without the pension and benefits?

Can you assure me that no contract worker runs the ongoing risk of being laid off for two or three weeks the moment she could get a permanent position, only to be rehired to do exactly the same job?

Can you assure me that this practice is no longer in place?

[English]

Ms. Mollie Royds: Thank you very much for the question, Mr. Chair.

As I indicated, we have the policy and procedures in place to mitigate against the risks of such an employee-employer relationship.

I have my colleague from the Treasury Board Secretariat, which would be the owner of the policy for the Government of Canada. As indicated, we're a common service provider. We support the work of particular government departments to put in place their procurements.

However, to speak to the broader policy, my colleague might be better placed to provide the background that was being sought.

Mr. Emilio Franco: Thank you, Mr. Chair.

The position of the Government of Canada in ensuring that measures are taken to avoid employer-employee relationships has been a matter of policy for quite some time, both in our previous procurement policy, which was the contracting policy, and now reinforced in our new directive on the management of procurement, which came into effect in May of this year.

The new directive specifically requires that both contracting officials and departmental officials responsible for engaging in contracts are aware of the risks of creating employer-employee relationships and that they're taking measures prior to and during the performance of a contract to avoid those risks occurring. It includes terms and conditions in contracts to make sure that the nature of the arrangement in place is very clear to the recipients of those contracts and that those conditions protect the government in the case of an employer-employee relationship being created.

The Chair: Thank you, Mr. Franco.

We'll now go to Mr. Johns for six minutes.

Mr. Gord Johns (Courtenay—Alberni, NDP): Thank you, Mr. Chair.

Natural Resources is currently outsourcing two full-time senior ATIP consultant resources. They've invited suppliers to bid on the one-year contract, with three one-year options to extend. The estimated value of the contract is \$3.75 million.

Based on that estimate, the contract would work out to about \$469,000 per year for an ATIP consultant. I'll hazard a guess that this is well above what an ATIP officer would be paid as a public service employee, and I'm imagining that a significant amount of the contract will go to the firm awarded the contract and not the person actually doing the work.

What are the policies around contract renewal? For example, do companies have an automatic right to exercise an option to renew? Also, is a contract for up to four years, potentially, addressing a short-term staffing shortage?

Maybe someone from PSPC or the Treasury Board can answer.

• (1135)

Mr. Emilio Franco: Perhaps I'll start.

When a government contract goes out to tender, it is required to outline the full scope of the requirement, including, as you mentioned, option years. It is not a requirement to exercise those option years, but they are available to mitigate risk for the government in the event that there is a need to no longer continue the services or to address other matters that may arise in the contract.

Without getting into the specifics, because I have not seen the contract or the requirement you mentioned, there may be a number of provisions in the contract that expand the scope or require additional resources, which may increase the overall value of the contract. Without getting into the specifics of the contract or seeing the details, I wouldn't be able to particularly answer that question, but perhaps I'll turn to Mollie to expand on it.

Mr. Gord Johns: Yes, great. Maybe someone can speak specifically to this contract, because this amount of money seems outrageous.

I know that between 2010 and 2015 the government of the day made significant cuts to the public service. I guess the other question is, has that caused an increase in outsourcing? If so, has that ultimately caused an increase in costs associated with procurement?

Maybe Ms. Royds can speak to that.

Ms. Mollie Royds: Thanks very much for the question, Mr. Chair.

I'm afraid I'm not able to speak to the specifics of that particular contract. It is possible that it might be within the authorities of a particular department.

As the common service provider, we're responsible for the procurements that exceed an individual department's own authorities. That's when PSPC would be responsible for the procurement. Without knowing the details of that particular one, it is possible that it would be within the authorities of that specific department.

Mr. Gord Johns: Ms. Royds, can you speak to the comment I made that there were significant cuts to the public service between 2010 and 2015? Has that caused an increase in outsourcing and, therefore, actually an increase in overall costs for the work that needs to be done?

Ms. Mollie Royds: Again, thanks very much for the question.

In terms of speaking to any particular trend, I'm not in a position to speak to a particular trend.

Again, as the common service provider, we are responsible for managing the procurement processes associated with the requirements of our particular departments. We do support particularly in the IT space.

As my colleagues from PSPC and Shared Services Canada have indicated, we support a number of technology projects and transformation projects that are being undertaken at the moment by the government, which do require us to seek the services and specialized skill sets of a range of contractors to support the work that is being undertaken, but I am not able to speak to any particular trend.

Mr. Gord Johns: Thank you.

In 2019, the HUMA committee adopted a unanimous report on precarious work. That was the result of a study required by a PMB put forward by the Liberal member for Sault Ste. Marie. That required, among other things, that the federal government stop using temporary help agency workers and work with ESDC and other government departments to properly staff government services using permanent employees.

The federal government, shamefully, is the country's largest user of precariously employed workers, who are subject to the whims of temp agencies. This report was never addressed by the government, as an election immediately followed.

What steps are you taking to ensure this recommendation is met in an expedient manner? I'm sure someone can answer this.

● (1140)

Ms. Samantha Hazen (Assistant Deputy Minister and Chief Financial Officer, Chief Financial Officer Branch, Shared Services Canada): I can go ahead. Thank you, Mr. Chair, for the question.

At Shared Services Canada, as my colleague Mr. Nadeau mentioned, our employees are our greatest assets. As such, the department has been investing in growing our workforce over the past five years.

We are, indeed, working towards reducing the reliance on temporary help and increasing support through our employees. We have increased our employees over the past five years from just under 6,000 to now just under 8,000 federal workers at Shared Services Canada.

The Chair: You have 10 seconds.

Mr. Gord Johns: Thank you. I'll add it on next time.

The Chair: We'll now go to Mr. Lobb for five minutes.

Mr. Ben Lobb (Huron—Bruce, CPC): My first question is for Ms. Royds.

You mentioned in your opening comments the 5% goal for indigenous. In the last calendar year, what percentage did you achieve?

Ms. Mollie Royds: I'm afraid I do not actually have that number immediately at hand, but I would be very happy to provide that.

In terms of the 5% target that has been established by the government, this was put in place as a policy of government in April, so each individual department is responsible for reporting its progress against that particular target.

PSPC as a department, of course, is in the first phase of departments that will be reporting that. I know we will be reporting at the end of the year for that particular number. I would have to see if

there is anything we have for the department from the previous year that we could make available to the committee.

Mr. Ben Lobb: Okay, that's good.

Can anybody on the panel tell us, of all the contracts that are let in a year, or over the last number of years, what percentage actually come in at the quoted price? Are there any? Or are they all adjusted after the quotes come in?

Can anybody tell me that?

Ms. Mollie Royds: Perhaps I'll start, and then my colleagues, if they wish, can add on.

I'm not aware that we track in that manner, Mr. Chair, but we do have a process where our technical authorities, which would be our client departments, are responsible for the business cases and the cost estimating that is undertaken, which is consistent with the Treasury Board directives and policies. Then, at PSPC, we manage the procurement processes, which we mostly will do, obviously, on a competitive basis—

Mr. Ben Lobb: Sorry to interrupt, but wouldn't that be one of the key performance metrics in your whole department, the percentage? A lot of these contracts are very complex, very detailed, very precise. They're many pages long—we've seen them all—and you're telling me that nobody at the end tracks whether, if a project was quoted for \$5 million, it came in at \$5 million.

Is that what you're telling me?

Ms. Mollie Royds: I am not aware that we would track it, certainly as PSPC, as a common service provider. This would be something that an individual department would be responsible for, in terms of owning the requirements and the estimates. I'm just not able to speak to that more broadly.

Emilio might be able to speak to it from a TBS policy perspective, because as I indicated, the cost estimations are in line with the directive.

Mr. Emilio Franco: Thank you, Mr. Chair, and thank you, Mollie.

The Government of Canada has approximately 400,000 contracts and amendments each year. I would say, anecdotally, that the majority of them are simple and straightforward requirements where I would expect the quoted price matched the final contract value.

There are a number of complex procurements that are conducted by the Government of Canada every year. These procurements are complex in their nature. Often the deliverables or the final outcome is uncertain and there is an evolution in collaboration with the contractor to achieve a result. It is difficult to then assess whether the increase in contract value is the result of the activities that are engaged in with the contractor to ultimately solve a problem, or whether it is an increase from the originally estimated quote.

As Mollie mentioned, that is not information that the Government of Canada tracks at the granular level. We can say that the information is typically publicly disclosed through proactive disclosures where all contract amendments over \$10,000 are made publicly available on the open government portal.

• (1145)

Mr. Ben Lobb: Okay.

I have six seconds. It seems like plenty of time to get right into the meat of all these issues and topics. Maybe next year....

The Chair: Thank you, Mr. Lobb.

We'll now go to Mr. Jowhari for five minutes.

Mr. Majid Jowhari (Richmond Hill, Lib.): Thank you, Mr. Chair, and thank you to all the witnesses.

My question is for Ms. Royds.

Ms. Royds, in your opening remarks you said, "The department buys, on behalf of other federal organizations, some 24 billion dollars' worth of goods, services and construction each year from nearly 10,000 suppliers." You also indicated that about 88% of those are from small and medium-sized businesses.

Also, I understood from your opening remarks that you work with SSC to procure IT services. Within the IT services, you talked about access to specialized knowledge, knowledge transfer and dealing with some surge of the services.

IT consultants are easily the largest group of professional services that the government contracts externally. Can you explain why and what types of services are actually being outsourced?

Ms. Mollie Royds: Thank you for the question, Mr. Chair.

At PSPC, as a common service provider we are responsible for managing the procurement processes on behalf of our client departments. They are responsible for establishing the requirements of the individual procurement. They tend to do so for a variety of reasons, such as, in particular, when specialized skill sets are being sought to support a particular project or initiative, when surge capacity is required, when we need independent external advice or when we are lacking the expertise within an individual department.

Again, we are doing this on behalf of other government departments across the Government of Canada, so our role as a common service provider is then to manage those particular procurements.

Mr. Majid Jowhari: Thank you.

You were quite clear in your opening remarks that the decision to make or buy, which is often referred to as "outsourcing", is made by the client. I assume your client in this case is Shared Services. Is that correct?

Ms. Mollie Royds: Actually, the client could be any of our government department clients, including Shared Services.

Mr. Majid Jowhari: Can you tell me which client right now is spending the largest share on outsourced IT services?

Ms. Mollie Royds: For that particular question, I'm afraid I do not have that information immediately at hand for IT services. Of course, there is a range of services that we procure at PSPC. I would have to come back to the committee in writing with that particular piece of information.

Mr. Majid Jowhari: Can you please do that? Thanks.

I would be very interested to know how IT services are broken down by department and by the services. I understand you're not

making decisions, but you're making the procurement and I'm sure you have measures in place.

I have about a minute and a half.

You mentioned that the transfer of knowledge is one area of IT services. I'm not sure whether I should ask you or Mr. Nadeau at SSC. I'll ask the question and hopefully one of you two can answer.

The Professional Institute of the Public Service of Canada has suggested that for IT contracts, there is no mechanism to transfer knowledge and expertise back to the departments and agencies after a project is finished. You said that one of the elements of IT services is transfer of knowledge. Is this actually the case, and is it always the case?

• (1150)

Mr. Patrice Nadeau: Maybe I can start on that one. Thank you, Mr. Chair.

Actually, you're right. It terms of professional services where typically we have resources on a per diem basis, even if contractually there's no transfer of knowledge in the contract, the reality is that they actually work as a team. Very often the nature of our business is such that those consultants offering professional services are actually part of a team. They work together with government employees. During the time they are here, this transfer of knowledge is actually taking place. We have witnessed that. This is probably where this transfer of knowledge—

Mr. Majid Jowhari: I apologize. Am I right to understand that there is no actual contract for knowledge transfer, but the knowledge transfer takes place as the project is rolling out by working side by side with our clients? Am I right to understand that?

Mr. Patrice Nadeau: It would be both. I was specifically talking about professional services on per diem basis, where it's a managed service or a contract was put in place for a project. Very often there is a provision in there for a transfer at the end, especially if what was outsourced was the creation, the build part, and then it's taken over by government employees. There will be a part where a transfer will take place at the end, but specifically for professional services, I would say that most of this transfer takes place day to day as we work together as part of the same team.

Mr. Majid Jowhari: Thank you.

The Chair: Thank you, Mr. Nadeau.

We'll now go to Ms. Vignola for two and a half minutes.

[*Translation*]

Mrs. Julie Vignola: Thank you very much, Mr. Chair.

I'm not sure where I should direct my question, but I suppose I could direct it to the Department of Public Works and Government Services, since it involves contracts.

You've been saying from the beginning that you hire externally, that contracts are awarded externally for specialized services, services that we do not offer. However, it has come to my attention, particularly on the Saint-Jean military base, that there were contracts for basic janitorial services, such as sweeping and cleaning the bathrooms.

Why can't the department have its own employees for this type of work, which is neither specialized nor temporary? Mopping floors, scrubbing toilets and doing basic janitorial work are daily tasks. Why, then, did you go through procurement, and why aren't you using internal resources? Again, these are not specialty or temporary services.

Furthermore, how do we ensure that companies, whether they're retained for Defence or any other department, arrange the same benefits for their employees that the government offers its own public servants?

[English]

Ms. Mollie Royds: As to the specific contract and capacity that is being contracted for, I'm afraid I would not be able to speak to an individual department's requirement, but, as I indicated, each department is responsible for determining that reasonable efforts have been undertaken to ensure that what they are contracting out for cannot be undertaken by the public service.

As we have indicated, there are several reasons we would seek to outsource, including because we are not able to find a specialized skill set, or something that is in high demand, or something that is not available or for a particular CERC support but, again, I'm afraid I can't speak to the particular requirement that is being asked.

• (1155)

The Chair: Thank you, Ms. Royds.

We'll now go to Mr. Johns for two and a half minutes.

Mr. Gord Johns: Understaffing has frequently resulted in contracting out of government services to temp agencies, or entire programs are sent to the private sector. Some areas that are currently understaffed are ATIP officers, which I talked about earlier, HVAC operators, cleaners, border officers, passport agents, and the list goes on.

What is being done to ensure that government departments are properly staffed?

Mr. Emilio Franco: As I highlighted in my opening remarks, the decision to outsource is a departmental decision. One thing departments are required to do under policy is consider the best way to deliver on their investments and deliver their results for Canadians, looking at marketing conditions and seeing what the best approach is to deliver on those outcomes.

In terms of a broader Government of Canada strategy, I'm happy to take that question away. It is broader than a procurement policy question, so I'm happy to take that question away for colleagues within the department.

Mr. Gord Johns: Okay. Thank you.

Mr. Franco, global research shows that governments pay more, for poorer service, when public sector work is contracted out. In

fact, in 2018, the UN special rapporteur on poverty and human rights discussed privatization as being a cause of poverty while still costing governments more.

What analysis have you done on the total cost of contracted-out work, including the cost of procurement, compared to bringing this work in house?

Mr. Emilio Franco: Thank you for the question, Mr. Chair.

I'm not familiar with the specific study looking into that question. As I mentioned, departments are making that decision—

Mr. Gord Johns: What analysis has been done in terms of the total cost of contracted work, including the cost of procurement, compared to bringing this work in house?

Mr. Emilio Franco: Thank you for the question.

I'm not familiar with a particular study into that question.

Mr. Gord Johns: Have you not done any analysis to see whether it's cheaper to have in-house staff than to contract out?

Mr. Emilio Franco: Thank you for the question.

Again, the decisions are made by the deputy head on the basis of an individual program or investment, to look at the particular service or program they are looking to deliver, look at the resources they have available to them within their own professional public service, and look at what requirements they have that may need to be contracted out. Then they make a decision on the basis of that information for that particular program or service delivery.

The Chair: Thank you, Mr. Franco.

We'll now go to Mr. McCauley for five minutes.

Mr. Kelly McCauley: Thanks, Mr. Chair.

Mr. Franco, I just want to come back to you. I realize you might have limited oversight on this, but is there a sense within Treasury Board—again going back to, I suppose, Treasury Board as the gatekeepers or protectors of the taxpayers' purse—that perhaps the outsourcing is out of control? I think that in 2014 it was about \$6 billion a year, growing to \$16.7 billion. Is there any sense of worry or concern that we're growing, again, this hidden wing of the public service over which there is clearly very little accountability or oversight?

Before you answer that, I'd like to bring up the example of a quarter of a million dollars going to a consulting company to say, "Don't buy sensitive security tech from a despotic regime." The example I brought up earlier to PSPC.... There are four examples. I actually looked up the item on the web. There were four \$71,000 contracts given by PSPC on behalf of the RCMP for fairness monitoring on an RFP. Basically, for over \$280,000 we got four identical reports with a one-paragraph answer.

There's no oversight of value for taxpayers' money. Who is going to step up to protect taxpayers? Who will step up? Treasury Board clearly is not, even though I believe it should be responsible. How do we get a handle on this?

• (1200)

Mr. Emilio Franco: Thank you for the question.

As I mentioned, when departments are looking at how they're achieving results, their decisions are made in accordance with that. As departments are responsible, under our policy, for publishing their results through departmental results reports, parliamentarians and the public receive transparent, clear information regarding departments' decisions made with regard to resources and the results they're achieving with those expenditures.

Mr. Kelly McCauley: Yes, but—no offence, Mr. Franco—that's not an answer. Again, who's looking after the taxpayers here? Who's looking after ensuring accountability? Treasury Board is not. It's very clear that the departments are not. There are 11 of us in this committee. We don't have time to go through.... You can't see it, but I have several hundred pages just from Deloitte contracts.

Is there no sense of concern in Treasury Board that maybe the rules aren't being followed? Maybe the framework is not set up strongly enough or departments are just granting contracts willy-nilly without any concern for taxpayers' money.

I mean, \$16 billion is a lot when we've spent \$50 billion on salaries. Again, that's over one-third added. Who's watching this? The departments aren't, obviously.

Mr. Emilio Franco: Thank you for your perspective, Mr. Chair.

The departments are responsible for applying Treasury Board's mandatory policies that are instruments within the organization for monitoring and auditing their application and taking corrective action in the case of non-compliance. In a number of cases they report to Treasury Board.

Mr. Kelly McCauley: Does Treasury Board have any role, apart from saying "Here's the policy" and then just walking away?

Mr. Emilio Franco: There are a number of—

Mr. Kelly McCauley: That's an oversimplified question, I realize, but it doesn't look like anyone in the government is responsible for the \$16 billion in spending.

Mr. Emilio Franco: For the departments, for contracts that are within departmental authorities, they of course manage those. Treasury Board has no oversight over those contracts. However, a limited number of contracts every year go towards the board, in which due diligence is provided over those contracts through submissions. Of course, it's important that the Treasury Board does not approve the contract itself but rather provides the department responsible to enter into the contract as an approval authority.

So there are a select number of contracts every year that the Treasury Board does see.

Mr. Kelly McCauley: I think you've answered my question. It's not you personally, Mr. Franco, but it does not appear that there's any real oversight for the \$16 billion or \$17 billion. Who knows what it was last year? If it was \$16.7 billion two years ago, maybe its trajectory is up to \$18 billion.

There's not a lot of oversight. As a parliamentarian, I have to say that I'm incredibly concerned that Treasury Board's role is, "Well, we just write the rules and the departments look after it." Then, when you go to the departments, they kind of give a shrug as well.

Again, that's not you specifically. I think it's our system.

The Chair: Thank you, Mr. McCauley.

We'll now go to Mr. Housefather for five minutes.

Mr. Anthony Housefather (Mount Royal, Lib.): Thank you very much, Mr. Chair.

I'm going to come back to a subject that Ms. Vignola brought up in her first line of questioning, because I think we need to clarify a little bit. Ms. Vignola was talking about the idea of people, usually women, who were working in the same jobs as others who were civil servants and then were being terminated and rehired, spending their entire careers without getting benefits. Both of the answers then revolved around how to prevent employee-employer relationships, and it didn't sound like we were getting to the point that Ms. Vignola was making about protecting the little person.

The employee-employer relationship protects the government from not being the employer, but it doesn't protect the little person who is allegedly being forced to do a job and then labour laws are not being complied with properly. I don't think there is such an issue in the federal government, so I want to give the opportunity to everybody to come back and clarify.

Ms. Royds, let's say we hired someone, not outsourced someone, to be a civil servant. The federal government would not simply terminate someone before the 12 months of their continuous protection would apply under the Canada Labour Code, because that person would normally be under collective agreements and would be fairly treated. We would not simply be summarily dismissing people and bringing them back willy-nilly or we would have multiple union issues in every department. Is that correct?

• (1205)

Ms. Mollie Royds: Thank you for the question, Mr. Chair.

While I'm not a representative of our human resources branch, I can speak to the fact that in our hiring practices we do abide by our human resources policies, which are, of course, established by the chief human resources officer. We do have those policies in place that govern the way we hire employees as well as their employee benefits.

Mr. Anthony Housefather: To Treasury Board and Mr. Franco, obviously it's defined in law what a contractor is and what an out-sourcer is. It's defined in the Public Service Employment Act. It's defined by CRA rulings. It's defined in the Canada Labour Code. There are all kinds of tests you would need to meet to be a contractor. You can't simply be doing exactly the same job as the civil servant day in and day out and then be considered to be a contractor.

Can you talk to us a little bit about the tests that exist to ensure that there is not an employer-employee relationship being developed between the government and the employee of the contractor before we determine that somebody is indeed a contractor?

Mr. Emilio Franco: Thank you for the question, Mr. Chair.

There is a legal test for whether or not a contractor is an employer or an employee. There are four parts to that test, I believe, in Canada. It speaks to such elements as the use of tools, risk of opportunity, risk of loss and a few other considerations. I'm not a lawyer, so I don't want to expand on that too heavily, but there is a framework under which we can determine whether or not there is a risk of an employer-employee relationship.

Part of the training that procurement professionals receive is to help them identify what those criteria are to make sure they're mitigating them in their contracts. As I mentioned, in our policy we do have a requirement that the business owners or the individuals across government engaged in hiring outside resources are aware of these risks and are taking steps to manage them.

Mr. Anthony Housefather: Again, it's not only about risks. Let's come back to the little person hired by the contractor. We also have policies related to the ethical treatment by contractors of their employees. We don't just enter into contracts with people and say, "You don't have to respect the Canada Labour Code and you don't have to respect provincial employment law."

Could you talk to us about how the government screens contractors to ensure that work done for the government reflects the ethical expectations of Canadians and follows the law with respect to the people they employ or hire?

I don't know whether that would be for you, Mr. Franco, or Ms. Royds.

Mr. Emilio Franco: I'll start with the answer.

As you highlighted, there are two elements that Public Services and Procurement Canada is responsible for: namely, the code of conduct for procurement and the integrity regime, which goes into greater detail in terms of your question.

From a procurement policy perspective, the Government of Canada's procurement policy highlights that procurement should seek to obtain socio-economic and best-value outcomes. "Best value" does not necessarily mean the lowest price. It also considers the broader socio-economic value that a contract may be obtaining. The Government of Canada has a number of programs to help ensure that the contracts, in many cases, are meeting similar requirements as may be the case for public servants.

For example, Employment and Social Development Canada's labour program has the federal contractors program, which has a requirement that suppliers to the Government of Canada with a resi-

dent workforce of more than 100 people, or a million dollars, put in place employment equity obligations. This is a program we have.

In a number of cases, while it may not be prescribed by law, contracting officers also put requirements in their contracts that contractors must abide by, which may cover a number of the legal obligations we have within Canada, such as official languages—the requirement to provide services to the public in both official languages.

These are things we would put in place through contract, all of which are permitted through our policy framework and encouraged as the kinds of things to consider in how we conduct our procurements.

Mollie can speak to PSPC's area of responsibility.

The Chair: Thank you, Mr. Franco.

We'll now go to Mr. Lobb for five minutes.

Mr. Ben Lobb: Thanks very much.

I'll give you one example, and perhaps you folks can help me understand it.

I'm not picking on this company. It's just because this is a big number: According to the numbers I have, in the 2021-22 fiscal year, Brookfield Global Integrated Solutions did over a billion dollars in business with the federal government. Over \$200 million of that was in professional services. That's a substantial number. That's a nice piece of business Brookfield has with the federal government.

On the professional services side of things, if I wanted to find out what those contracts were for, how much those contracts were bid on, and how much they came in at, how would I? Is that readily available? How can the public find out whether there's value there?

Can anybody answer that for me?

● (1210)

Mr. Emilio Franco: I'll speak on a broad basis. I believe the contract with Brookfield is a PSPC-managed contract. Mollie may have specifics on it.

The majority of procurements are conducted in a fair, open and transparent way, which means that the initial requirement is posted for public competition on the Buyandsell platform, now the CanadaBuys platform. They are made publicly available, which is the first indication about what kinds of services are being sought under contract. The contract would be required to detail what services are expected to be provided.

As I previously mentioned, once a contract is awarded, if the contract is above \$10,000, that information is made publicly available through our proactive disclosure website on the Open Government website, with any subsequent amendments issued against that contract.

Mr. Ben Lobb: Ms. Royds, go ahead.

Ms. Mollie Royds: Thanks for the question.

There was reference made to a specific contract requirement that PSPC manages. The particular one in question is one we manage on behalf of a client department, which is National Defence. It relates to the relocation services associated with specific requirements for the Canadian Armed Forces.

Obviously, I don't have the information directly in front of me, Mr. Chair, but I believe that is the particular professional service.

Mr. Ben Lobb: I'm sorry. Did you say it was for relocation services?

Ms. Mollie Royds: Potentially. I'm afraid that without the information in front of me—

Mr. Ben Lobb: Right. That's fair enough.

Ms. Mollie Royds: That is one of the larger requirements we manage with that particular supplier.

Mr. Ben Lobb: It's probably not \$211 million a year, though, for relocation services. I hope it isn't.

Ms. Mollie Royds: I can't speak to the specifics. I can say that we turn to these consultants to provide us with mission-critical services that are provided to the government and to our specific client departments.

If there's a more specific question, I could offer to come back with information.

Mr. Ben Lobb: Are you saying that these contracts are all publicly available for Joe Smith down the street to look at and even for a member of Parliament to look at, or is that not the case?

Mr. Emilio Franco: Thank you for the question.

What we call the resulting contracts.... When a procurement is made publicly available for competition, the solicitation that's issued includes a copy of the contract. That's how the public can see what the potential contract will likely look like.

As we mentioned, once the contract is awarded, information regarding the contract is made publicly available on proactive disclosure, but the specific contract and its minutes themselves are not. Typically, that information is considered commercially confidential information under the Access to Information Act. It can be called upon. There may be a provision of some information if requested through the ATIP process, should the public be interested in a particular contract.

Mr. Ben Lobb: I have one last question before my time runs out.

The last number of years have seen record government expenditures. I'm not trying to make this political. Is there a point at which the senior public service members, such as you, go to ministers or to the government and say, "You know, at this point, it might be time to take a look at what we're doing here; maybe take a break and find out if we're getting value for dollars here"?"

It seems to me, as Kelly McCauley was saying, that a lot of this stuff seems to be getting out of control. If you add up Deloitte, KPMG and all these companies, it's way over \$100 million a year for them as well. I looked up Iron Mountain. It's \$14 million a year, every year.

Is there a point at which we need to go back and say that enough is enough and that we need to take a look at whether we're getting

value for all these contracts and find out which ones are not mission-critical, as you might want to say?

• (1215)

Mr. Emilio Franco: Thank you for the question.

I would make two points. One is that, of course, the Department of Finance is responsible for funding decisions, but broadly, as was previously highlighted at this committee, TBS is engaging in a strategic review. I don't have the details regarding that review or the areas of inquiry, but the government's expenses are something that Treasury Board is currently looking into.

The Chair: Thank you, Mr. Franco.

We'll now go to Mr. Kusmierczyk for five minutes.

Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.): Thank you, Mr. Chair.

I'm not exactly sure who can answer this question for me. We have about 500 public sector nurses in Canada who travel to remote and isolated indigenous communities to provide vital health care services. I know that we also hire externally to deliver some of those temporary health care measures in Canada, specifically in northern communities and isolated communities.

What advantage does this provide in terms of being able to deliver those critical services in hard-to-reach communities?

Mr. Emilio Franco: Thank you for the question.

Without getting into the specifics of the program delivery for Indigenous Services Canada and health care in the north, what I would say is that in many cases, as I mentioned in my remarks, supplementing our professional public service is an important way to respond to both urgent shortages and urgent situations.

I could assume, in the case of health care, that if there's a need in a particular area for additional medical support that is likely urgent and time-critical, engaging services from the outside and contracting for those services would be an essential way of meeting that need and ensuring that those services are provided.

Mr. Irek Kusmierczyk: Recently—I think just a couple of weeks ago—the federal government announced that it is tripling both recruitment and retention allowances for Indigenous Services Canada nurses who are serving the 50 remote and isolated communities in Canada.

Knowing that we're tripling the recruitment and retention bonuses, I wanted to ask what that says about the state of the labour shortage of public sector nurses that we're facing in health care, specifically as it relates to being able to provide those critical, vital services in northern Canada.

Mr. Emilio Franco: Thank you for the question, Mr. Chair.

As I highlighted, I'm by no means an expert in health care, but I would say that market conditions are an element that goes into the consideration of whether or not the public service can meet a need or whether or not a department would need to resource through contracts to deliver on that expertise or on those services.

Areas of market shortages and limited market availability will obviously impact the public service and would likely lead to that decision and looking at what the best way to meet that immediate need would be. That may very well be procurement.

Mr. Irek Kusmierczyk: Do you foresee the need for those externally hired temporary health care workers increasing in the short term?

Mr. Emilio Franco: Thank you for the question.

Unfortunately that's not a question I'm in a position to answer. The department of Indigenous Services Canada would probably be best placed to speak to their requirements for nursing and health care professionals.

Mr. Irek Kusmierczyk: Thank you.

I know that some folks around the table have talked about the lack of environmental, social and governance—the ESG—bona fide external suppliers, unlike governments. How does PSPC include ESG criteria in its procurement?

Ms. Mollie Royds: Thank you very much for the question, Mr. Chair.

I believe that my colleague outlined earlier in the session a little bit about the procurement policies we have in place and how we seek to ensure that the government's broader socio-economic objectives are included in our procurements. In particular, related to ensuring.... We talked a little bit already about the government's target associated with the 5% of indigenous. We also have requirements associated with greening and with other government priorities.

I would actually turn to my colleague, Ron Cormier, who could speak a little bit about how we include these particular items within our individual procurements, associated with our policies and approaches.

I will turn quickly to Ron, please, just to give a quick example.

Thank you.

• (1220)

Mr. Ron Cormier (Director General, Business and Technology Solutions Sector, Department of Public Works and Government Services): Thank you for that, Mollie.

In terms of examples, there are a number of different types of contracts that we enter into on behalf of our clients. One that I would draw attention to is a series of supply arrangements. In order to make the procurement process more efficient across government, PSPC, as a common service provider, makes those available and departments use them to be able to contract a little more efficiently and quickly by using some elements that we've done the ground-work for.

As part of those, we work with our supplier community to identify within that community, for example, which suppliers are either

indigenous-owned or indigenous-led. Within those instruments, for example, if I'm a client department and I'm interested in using one of those tools to be able to contract, I'm presented with options that will allow me to select indigenous suppliers within that inventory. Moreover, when those suppliers exist and have made themselves known to the Government of Canada, the selection methodologies are structured in such a way that you'll always be presented with an indigenous choice.

On some of our lower-dollar instruments, we're also trialing some additional socio-economic policies that can bring a similar degree of flexibility to help other equity-deserving groups. We're looking at whether that's something we can do in the future more broadly.

With individual contracts—large ones that are publicly tendered where there's a request for proposals—we're also now working very actively with all the client departments that come to us for service to help them strategize on how they can achieve their indigenous 5% component as part of contracting. We have to take into consideration Canada's complications globally using the trade agreements as a guidepost to ensure that Canada meets those obligations. Within that framework, we're able to, for example, lend weight in the bid evaluation process to companies that can offer significant sub-contracting or even set aside primary contracting opportunities to suppliers that are indigenous-owned or indigenous-led.

The Chair: Thank you, Mr. Cormier. If there's anything further that you'd like to add to that, please by all means submit that to the clerk.

We'll now go to Ms. Vignola for two and a half minutes.

[Translation]

Mrs. Julie Vignola: Thank you, Mr. Chair.

On Friday, I tabled a notice of motion regarding the Governor General's expenses, with the intention of obtaining more detailed documents.

I don't want to impact the time members have to speak after me. So, I would like the committee's unanimous consent to take 10 minutes after the third round of questions to read the motion, discuss it and vote on it.

[English]

The Chair: You're asking for unanimous consent to have it read at the end of the meeting. Is that correct?

[Translation]

Mrs. Julie Vignola: Yes, I would like to do this at the end of the meeting to avoid cutting into my colleagues' time.

[English]

The Chair: She's asking for unanimous consent to have a quick meeting afterwards on her motion, as opposed to interrupting the witnesses.

Do I see unanimous consent around the table?

Some hon. members: Agreed.

The Chair: Thank you.

[Translation]

Mrs. Julie Vignola: I give the rest of my time to the next MP.

[English]

The Chair: We'll now go to Mr. Johns for two and a half minutes.

Mr. Gord Johns: Thank you.

We have great interpreters, obviously. It's been a really difficult time through COVID. We've seen a lot of them have workplace health injuries and we value them so much. I'm going to ask a question around that.

What are the costs of outsourcing translation to freelancers, given that they may not reflect the added expenses related to payroll, invoicing, fallout with clients, etc., which add to the overall cost? What are the anticipated costs of outsourcing interpretation services to freelance interpreters?

• (1225)

Ms. Mollie Royds: Thanks, Mr. Chair, for the question.

PSPC, of course, does have the Translation Bureau as part of the departmental portfolio, but I'm afraid that we're not able to speak to those specific details today. We would be happy to submit that information in writing to the committee.

Mr. Gord Johns: Okay. Thank you for that.

Frequently, rigid government budget practices are the reason for contracting out. They'll do this even though the services are not up to necessary standards. An example can be found in a study done at the Royal Military College in the mid-2000s:

The anecdotal assessments gleaned with respect to this particular approach where that inferior results were noted. During this lengthy period, the cleaning standard fell far below what was required for RMCC, especially in the critical residential spaces.... It was observed that in an effort to increase the profit margin the contract cleaners were using inferior or improper cleaning products which resulted in additional maintenance, environmental problems, and health and safety issues resulting in unfit living conditions for Cadets.

At DND in particular, services are often contracted out because the salary and wage envelope provided to base commanders is insufficient to meet salary needs, while they are provided with extremely generous private services budget lines, basically incentivizing privatization.

What steps are being taken to ensure that the quality of the service to the public and to other government departments is the first order of business?

Mr. Emilio Franco: I'll speak first from a policy perspective, and then my colleague, Mollie, may wish to speak from a practice perspective.

From a policy perspective, it's important that procurements that are put in place are actively being managed from a performance perspective. We're very clear in our policy that it is our responsibility to be documenting, monitoring and investigating issues of contractor performance as they arise over the course of the contract, and to be leveraging the appropriate measures, either by law or under that particular contract, to address the documented issues.

Maybe there's a practice perspective, Mollie, that you may wish to add.

Ms. Mollie Royds: I would simply add to what Emilio has said that we're responsible for working with our client departments. We would be the contracting authority, and our client departments, of course, would be the technical authority, so we would work together to ensure the performance monitoring and the appropriate contractual activities as allowed by the policies, as Emilio has indicated. As I said, we work hand in hand with our client departments for any specific requirement as contracting authority and common service provider.

The Chair: Thank you, Ms. Royds.

We'll now go to Mr. McCauley for five minutes.

Mr. Kelly McCauley: Thanks, Mr. Chair.

I just want to ask a quick question of the three departments here—just a really quick yes or no. Do you believe that taxpayers are getting fair value for the money, for the billions being spent on outside contracts, yes or no?

Why don't we start with PSPC? If I'm putting you on the spot, just say, "You're putting me on the spot. It's an unfair question." That's fine. That's very fair. That's not my intent. If you feel strongly about it, feel free to answer.

The follow-up question I was going to ask the three of you, especially TBS, is this: How should we move forward to ensure that there's proper oversight and transparency on the spending to ensure that taxpayers are getting fair value, considering as well the exponential growth of the public service at the same time?

PSPC, can we start with you?

Ms. Mollie Royds: Thank you for the question, Mr. Chair.

Again, as we have indicated, this is an area that would be in each individual department's accountabilities and responsibilities under the appropriate legislation, as well as the various oversight bodies.

I know we've previously spoken to the role played by the Treasury Board, as well as the Auditor General and our own individual responsibilities as public servants for ensuring value for money for Canadians. Certainly, as PSPC, we take that responsibility very seriously as we ensure that we run fair, open, transparent and competitive processes as a common service provider and ensure that value for money.

We have spoken to the reasons for which we do—

• (1230)

Mr. Kelly McCauley: Sorry, let me interrupt you there.

When we talk about fairness—I look at PSPC—a lot of the commentary today is, well, we have a fair, transparent bidding process. I'm arguing that lots of these contracts shouldn't even get to a bidding process. There's a real disconnect between me, I think, and what my colleagues opposite are saying. A lot of these contracts perhaps shouldn't even be getting to that bid. It almost seems that the feedback we're getting is, well, it's okay because we're fairly giving Deloitte a quarter of a million to tell us not to buy sensitive security equipment from despotic regimes.

How do we move forward so we're not putting forward such—I'm going to be blunt—wasteful outside contracts? I don't care if they're fairly awarded to Deloitte to tell me not to buy from the dictatorship of the Communist Party. How do we get to not sending out so many contracts? Does that need to start with the Treasury Board? Does it start with education to every single department?

Ms. Mollie Royds: Mr. Chair, thank you for the question.

I think in these instances it would be the individual departments that are responsible for establishing the requirements that PSPC conducts the procurement processes for. Certainly, they are responsible for ensuring that they have a business requirement, and they make a business decision around critical services for delivery of programs to Canadians. Again, we have established.... Sorry, I don't want to repeat the rationale behind our—

Mr. Kelly McCauley: Why don't we pop over to Mr. Franco with the Treasury Board?

It's the same question. How do we stop the train before it becomes a runaway train? How do we stop bad contracts or wasteful spending going forward? Again, is it just to leave it solely to departments? That's not happening.

Mr. Emilio Franco: Thank you for the question.

An element of our procurement policy is that procurements must be delivering a best value for taxpayers. That's an important element of what we have. I think we've reiterated quite heavily here that the decision for the majority of procurements rests with the deputy head of that organization.

Mr. Kelly McCauley: That's probably not working, so how do we go forward? How do we fix that?

I don't believe that's working. I have hundreds and hundreds of examples from the order paper question. One of them came back...656 pages of contracts, with about 15 contracts per page. This is solely for consulting company contracts, not for nurses or cleaning.

How do we ensure that? I don't believe leaving it to departments is working, do you?

Mr. Emilio Franco: Thank you for the question.

If you've brought forward particular examples and specifics of contracts that you would like to investigate, you may be interested in inviting the particular departments responsible for those contracts and those decisions to speak to the decisions they may have made.

Mr. Kelly McCauley: Okay. Thank you.

The Chair: Thank you.

We'll now go to Mr. Bains for five minutes.

Mr. Parm Bains (Steveston—Richmond East, Lib.): Thank you, Mr. Chair, and thank you to our guests who are here today.

My first question is for all of the departments. Is there a specific set of criteria that must be met before you consider outsourcing, or does each consideration merit its own criteria?

Mr. Emilio Franco: Thank you for the question.

I would say, from a broad perspective, I'm not familiar with the policy that sets out a particular criterion or set of requirements, but perhaps our colleagues in Shared Services Canada or PSPC may want to speak to the particular decision-making that they do in their individual make-or-buy decisions.

Mr. Patrice Nadeau: Maybe I can start from a Shared Services point of view.

It is on a case-by-case basis for us. With respect to the decision leading to whether or not we outsource, we follow a pretty robust process internally. All options are always being looked at with a focus, obviously, on best practices, our own capacity, whether there is an existing solution in place and whether or not we can build and operate in-house. Our preferred delivery method has always been to take advantage of the internal resources first.

The right decision process, combined with the right balance between government employees and consultants, especially in the IT field, so far, I think, has actually led to the best value in delivering IT services to our clients.

• (1235)

Mr. Parm Bains: Are there any guidelines or incentives for buying services from Canadian enterprises? How do you foster Canadian industry through contracting?

Mr. Emilio Franco: Thank you for the question.

As was mentioned, the procurement policy highlights and encourages, in fact, broader considerations for socio-economic and environmental considerations within procurement. This means that departments are actively encouraged, under the Treasury Board's policies, to look at how they can incorporate manners and approaches that will allow the participation of, particularly, small and medium-sized Canadian enterprises in the procurement process. For example, there are requirements to unbundle so that smaller companies can participate in individual requirements, rather than bringing something together that allows only large multinational companies to participate.

This is something we've taken an active policy position to support, and I know that a number of initiatives and programs are in place, particularly within Public Services and Procurement Canada, regarding social procurement, which they may wish to speak to.

Mr. Parm Bains: Okay. Thank you.

This question is for Shared Services. Canadians rely on the digital services provided by their governments. Can you please share with us why we need to work with our global partners in order to protect Canadians and their personal data?

Mr. Patrice Nadeau: Actually, the vast majority of our contracts are with Canadian companies, including small and medium-sized enterprises, but taking advantage of the private sector is key for us. A number of our key services allow us.... Again, we have no choice but to leverage capacity and the nimbleness of the private sector and rapidly adopt an innovation solution, typically at lower cost for Canadians.

We have a combination of both, but the vast majority are Canadian-based. When we outsource a turnkey solution that includes the hosting of data, for example, it is a must. It has to stay on Canadian soil. This is specified in many of our contracts.

In other cases, we have no choice. We also have partners right around the world. We are actually managing 200 locations connected to our network that are outside of Canada—all of the missions and embassies around the world—so we do have contracts in place, obviously, with service providers outside of the country.

Mr. Parm Bains: Why is that sometimes necessary? Why do we have to do that?

Mr. Patrice Nadeau: Well, it is obviously the only solution available most of the time, especially when it comes to networking. For example, if we're in a specific country, it's not a Canadian company that will be able to deliver the infrastructure required outside this country.

We typically have a lead organization, a Canadian-based organization. The best example is probably the contract we have in place for the international network, which is provided by a number of companies around the world but the main contract is with Bell Canada. Bell would act as the integrator on our behalf and ensure that service-level agreements are met and that our security controls are being met with all of those organizations around the world.

Mr. Parm Bains: I have another—

The Chair: Thank you, Mr. Bains.

We'll now go to Mr. Lobb.

Mr. Ben Lobb: Thanks very much.

The first question is for Public Services and Procurement. It's just a general question, and it's in regard to the National Capital Commission and some of the work it's doing in the parliamentary precinct here, the redevelopment. I don't think I've ever really had a good answer to it.

This is a world where it seems like people will not be going to the office as much as they did in the past. There is this big redevelopment project that was announced in the last number of months to add, I think, close to 200 office spaces here just on Wellington and Sparks. Did anybody ever look at that and say, "We already have probably 500 too many office spaces downtown. Maybe we need to redevelop it, but we don't need to add another 150 office spaces"? Do your information and your data show that we're short on office spaces or that we have a surplus of office spaces downtown here?

• (1240)

Ms. Mollie Royds: I'm afraid that, as the associate assistant deputy minister for procurement, I'm not responsible for the office portfolio. My colleague, the chief information officer, is not either, so we're not in a position to answer that question. It would have to be other colleagues of ours from within the portfolio.

Mr. Ben Lobb: Would that be something we could have followed up, do you think? Would that be something you folks would be able to get back to the committee on?

Ms. Mollie Royds: I can certainly take the question and come back with a response for the committee, yes.

Mr. Ben Lobb: Okay, thank you.

I want to go back to the question on some of the professional services with Deloitte, KPMG, Ernst and Young, and PricewaterhouseCoopers. There's a pretty long list of professional services they provide. Many of them, I would suggest, are not mission-critical. They amount to tens of millions of dollars. Is there an initiative out there to review all these professional services contracts that are let to these companies and to really find out if they are mission-critical or just nice-to-have?

I see one on the list that's about doing a workshop. It seems like an endless list of expensive things. Maybe they're only \$10,000 or \$20,000, but they somehow manage to add up to tens of millions of dollars.

It's fine if nobody wants to answer. I don't blame you.

Well, here's another one. I'll just throw this one out there. Is it a conflict of interest to have accounting firms come in to advise CRA? I'm asking Procurement, Treasury Board or anyone else. Is it a conflict of interest to have them come in and consult with CRA on how to conduct its business and then, on the other side of the table, they're the ones that are constructing contrived ways for corporations and wealthy clients to not pay taxes? Is that a conflict of interest? Is that something you folks have raised in your time in the public service?

Mr. Emilio Franco: Unfortunately, I can't provide an opinion on the particular question, but I would say no. Our policies related to procurement also reiterate values that are highlighted in the values and ethics code of the public sector. There are requirements, and there is a directive on conflict of interest that's also in place to help protect the integrity of our procurement processes.

Mr. Ben Lobb: I think I went over last time, Mr. Chair, so I'll give my time back.

The Chair: Thank you.

We'll go to Ms. Thompson for five minutes.

Ms. Joanne Thompson: Thank you.

My questions are for Treasury Board. I want to circle back to a question my colleague asked on the outsourcing of nurses, particularly in northern communities. My question is about the chief nursing officer. Is this person now involved in the outsourcing of nursing services in northern communities?

Mr. Emilio Franco: Thank you for the question, Mr. Chair.

Unfortunately, I cannot speak for the chief nursing officer. If there is a question regarding their practices, you may wish to invite them to speak to the committee.

Ms. Joanne Thompson: I'm wondering if they would be consulted in terms of the very real need in Canada around nursing and primary health care services. Would you see a consulting role for the chief nursing officer?

Mr. Emilio Franco: Thank you for the question.

I would say that departments that are making decisions regarding nursing services would likely look to a variety of areas of information to support their decision. That may include the chief nursing officer, but I can't speak to the specific role or their involvement in those decisions.

• (1245)

Ms. Joanne Thompson: Thank you. I appreciate the clarification.

The President of the Treasury Board's mandate letter instructed her to explore, within the context of the public service skills strategy, "potential pathways to improve recruiting from outside of the Public Service for short-term or permanent roles". Could you speak to how the federal government is able to improve its outsourcing practices?

Mr. Emilio Franco: Thank you for the question.

I've highlighted throughout the testimony that our new directive puts a stronger focus on ensuring that procurements are managed in a way that delivers real results for Canadians. It's consistent with our socio-economic and environmental objectives. One of the things our new policy frame put in place in May of this year allows that broader balance of not just cost but also socio-economic outcomes.

In terms of improving our outsourcing practices, we have an opportunity moving forward, particularly supported by the activities of Public Services and Procurement Canada through their social procurement programs, to look at how we can incorporate some of these broader considerations when we are outsourcing. That's in terms of achieving benefits for Canadians and also achieving things like our 5% commitment with indigenous businesses either directly or through subcontracting.

There are a number of opportunities to improve how we outsource, particularly in terms of how those outsourced procurements can incorporate a broader value for Canadians through the various objectives we have at hand.

Ms. Joanne Thompson: Thank you.

Could you speak to situations where outsourcing of services ensures better value for taxpayers, if indeed this exists at all?

Mr. Emilio Franco: Thank you for the question.

I would be remiss to speak to specific examples that are outside my areas of expertise. Perhaps my colleagues within Shared Services Canada or Public Services and Procurement Canada can speak to real examples in which they obtain value from some of their outsourcing engagements.

Mr. Patrice Nadeau: Thank you. Maybe I can start.

When it comes to IT, especially with the managed service, those services are more and more commoditized-type services. It just does not make sense for the government to build its own cellular network, for example, or satellite-type services. This is where we go to the private sector and we typically purchase those services as fully managed services.

In my opening remarks, I also mentioned our wide area network and all of the fibre and circuits—it doesn't matter if it's fibre or copper—connecting the 4,000 locations we have across the country. Again, we're taking advantage of commercial services. From a business point of view, it's just best practice. This is the right thing to do. It always results in a lower IT cost to the government.

Ms. Joanne Thompson: Thank you.

I think I have 30 seconds left.

Is there a mechanism by which you can quantify or qualify that service and the effectiveness of the outsourcing?

Mr. Patrice Nadeau: Thank you for the question.

In terms of quantifying it in dollars, I don't know. Typically, we go through a competitive process. There is a statement of work. We establish service-level agreements with those organizations. Then they are measured based on the performance. They have to meet the service level so they can invoice us as per the contract. If not, penalties will be applied.

It's difficult for me at this point to quantify in dollars the advantage of the outsourcing deals.

The Chair: Thank you, Mr. Nadeau.

We'll now go to Mr. Johns.

Mr. Gord Johns: I was recently informed of a situation where lawn maintenance and groundskeeping work was contracted out by the Department of National Defence:

Management proceeded with this decision despite the assertions, accompanied by a business case, of UNDE [the Union of National Defence Employees] local and national officers, that sending the work to the private sector would not save money. Personnel were assigned elsewhere, and equipment was removed from the base inventory. In the spring and summer of 2020, the private contractor failed to meet the requirements of the contract. Scheduled military activities depend on grounds that are properly prepared. Public service workers were ordered to complete the work—without the necessary personnel and without the appropriate equipment—work that the contractor is being compensated for, thus the actual cost of completion is even greater than the cost of the contract.

Governments always underwrite the risk when private contractors are involved. What risk mitigation strategies are in place to ensure that this sort of thing doesn't happen? Wouldn't it be easier to have the work done in-house?

• (1250)

Mr. Emilio Franco: As I highlighted, from a Treasury Board policy perspective, there are requirements regarding the performance and the management of performance of our contractors, particularly that there's monitoring and oversight in place to ensure that contractors are performing to the requirements of the contract and that our contracting professionals are working closely with their clients, the individuals who may be receiving these services, to make sure they're monitoring and documenting the issues of poor performance.

I cannot, unfortunately, speak to the specific contract or decision that you've highlighted. It may be something that you wish to invite the department responsible to speak to.

Mr. Gord Johns: Okay.

I'm going to move a motion in the context of this study. I've sent it for translation, but they can't get it back in time. I'm hoping that the committee will agree to it. I'll read it into the record.

That, in the context of its study of outsourcing of contracts, the committee write to the Auditor General of Canada to recommend an audit of the implementation of the Treasury Board's Guide to Cost Estimating by departments in relation to make-or-buy decisions and oversight of the Treasury Board with respect to the same.

It's stronger coming from the committee versus coming from me as an individual MP. I can't see why anyone would object to it.

Mr. Chair, is it possible to move this?

The Chair: Thank you. It's in order, in the sense that it's considered part of the study.

It's a question of whether you want to debate that or have a question on it or—

Mr. Majid Jowhari: I'd like to have it read, at least. I understand.

Mr. Gord Johns: It's just because we're in the middle of the study and right now translation is working on it.

The Chair: Mr. Clerk, go ahead.

The Clerk of the Committee (Mr. Paul Cardegna): Thank you, Mr. Chair.

I'll just say, for the benefit of the committee, that Mr. Johns has sent the text of the motion to me. I sent it for an emergency translation about a half an hour ago, but I have not yet received the translation. I cannot distribute anything on behalf of the committee that is unilingual. I cannot distribute the text.

If the committee wishes to reread the text into the record, the interpreters are following along and they do have the text as well, but I cannot distribute the text at this time. However, there is no prohibition for Mr. Johns moving the motion or the committee entertaining debate on it, even though the French text is not currently available.

Thank you.

The Chair: Thank you.

Ms. Vignola has asked...and I see Mr. Housefather's hand is up too, so I will recognize him.

Before we do that, I'm going to thank the witnesses for participating today and for all of you having a chance to say something to the committee. All three of you were asked to provide further information, so when you collect that information, if you give it to the clerk, the clerk will distribute it to the committee.

At this point in time, I will dismiss the witnesses for today. Thank you for being here with us.

Mr. Johns has put forward a motion.

Mr. Housefather, go ahead.

Mr. Anthony Housefather: Thank you, Mr. Chair.

I was wondering if you and Mr. Johns would be amenable, given that we don't have a copy of the motion, to put in some time in Thursday's meeting to discuss it. Perhaps we could add Ms. Vignola's as well. That would give us a proper amount of time, maybe at the end of the meeting, to have a more fulsome debate of both. I'd like to have a chance to see this in writing and discuss it with my colleagues.

The same is true of Ms. Vignola's motion. There would have to be amendments to that one as well. I'd prefer it if we could have more time to discuss it, rather than do it in six minutes at the end of a meeting.

I was wondering, Mr. Chair, if that might be possible.

• (1255)

The Chair: Mr. Housefather, are you moving a motion to adjourn the debate on this issue?

Mr. Anthony Housefather: I was hoping there would be agreement from the mover that it would be okay to discuss it on Thursday, and from you, Mr. Chair, to say it could be on the agenda.

Mr. Gord Johns: I don't mind.

The Chair: Thank you.

Is the committee comfortable having a discussion on this on Thursday, after you've had a chance to see things in writing? I'm seeing nods around the room to do that at this point in time, so we will add that to Thursday.

Thank you, Mr. Housefather.

Thank you, Mr. Johns.

We will now go to Ms. Vignola. She will read her motion into the record.

[Translation]

Mrs. Julie Vignola: Thank you, Mr. Chair.

Last Friday, you all received a copy of the notice of motion, which I will take the time to read out, in keeping with our practices:

That, pursuant to Standing Order 108(2), the committee undertake a study of the expenses of the Office of the Governor General's Secretary for its representation activities abroad and in Canada for the years 2015 to the present; that, in light of the information disclosed during the meeting on Thursday, September 22, concerning the testimony of representatives of organizations related to the decision-making process and the use of budgets by and for the Office of the Governor General's Secretary, the committee invite the following witnesses to testify:

Christine MacIntyre, Deputy Secretary, Policy, Program and Protocol Branch, Office of the Governor General's Secretary;

Stewart Wheeler, Chief of Protocol of Canada, Department of Foreign Affairs, Trade and Development;

Senior officials of the Department of Canadian Heritage;

Senior representatives of the Royal Canadian Mounted Police;

Any other witnesses whom the committee deems appropriate to invite;

that testimony take place over for at least three meetings and that the committee begins its study on Monday, October 24, 2022; that Department of National Defence, Department of Foreign Affairs, Trade and Development, Department of Canadian Heritage and the Royal Canadian Mounted Police table the financial reports of the expenses incurred during the trips of the Governor General from 2015 to present, as well as copies of invoices associated with the March 2022 trip to the Middle East of the Office of the Governor General's Secretary, broken down by trip and by item of expenditure including, in particular, accommodation costs, catering costs, caterer costs, travel costs, security costs, and costs for alcohol and drinks, indicating the number people included for each delegation; that the said documents be submitted in English and French and forwarded no later than Friday, October 21, 2022, at noon to the Clerk of the Committee and that the Clerk forward them upon receipt to the members of the committee; that the committee report its observations and recommendations to the House.

I know that the motion is particularly lengthy, which is why we put it on notice.

The reason I am asking for this is simply that, after our committee meeting, we obtained the details through a newspaper. And yet, the witnesses we had were, apparently, unable to give us certain numbers because they didn't have them on hand, even though a newspaper was able to obtain them on very short notice. I am not saying that the committee was duped, but there are questions to ask about how prepared, informed and competent people were able to appear before a committee without any numbers, when a newspaper was able to get them.

Furthermore, we must make sure that expenses are actually reviewed, that taxpayers are aware of what happened over the last five years. We also need to be able to establish a comparison. My request is not at all belligerent. I simply want to be able to make comparisons and get the final story. I won't go so far as to say that it is insulting, but I think we must ask detailed questions and give people time to prepare. The motion was tabled in early June 2022. Some preparation was still required, some information had to be gathered. And yet, the committee was unable to get those numbers, when a newspaper received exact details.

My goal is simply to shed light on the situation and be able to make recommendations, with all due humility, to ensure that this type of situation never happens again. These are tax dollars from our taxpayers, some of whom are having trouble making ends meet.

• (1300)

And then there are the emails we received. Since we are on the list for the Canadian Taxpayers Federation, I imagine that some of you received quite a few.

Personally, to date, I have received 500 or 600 emails from people who are outraged by these expenditures. That said, I am a Fran-

cophone, which means that Francophones are more likely to write to me than to you. That being said, there are still nine the Anglophone provinces. And so, I imagine that you received many more than I did.

That's the long and the short of it.

[English]

The Chair: Thank you, Ms. Vignola.

Now I have Mr. Jowhari, and then Mr. McCauley.

Mr. Majid Jowhari: Thank you, Mr. Chair.

I had the opportunity to read the motion. In my mind, I compartmentalized it into certain aspects. I started with the value. I agree that we need to really look at and understand the money that the taxpayers entrust us to spend in the right way. Then there are protocols in place. Gaps have been identified. There are mitigation strategies. From a value proposition of a study of this nature, I definitely support it.

I also looked at the sense of urgency. I looked at the sense of urgency versus other topics that are in play. I had the opportunity to do a little bit of number crunching. By the end of this week, we will have completed our first session on procurement diversity. We will be left with three more sessions on outsourcing contracts, three more sessions on procurement diversity, and at least one session on shipbuilding. I believe the supplementary estimates (B) are going to come to our committee, so there are going to be at least two meetings on the supplementary estimates (B). Based on my numbers, a total of about nine meetings are in front of us.

Now we have another motion, which is relevant to outsourcing, so that's now 10. This will take us way beyond the 24th. With the prescribed start date of October 24, I'm just looking at a pragmatic sequencing of events that we have and then comparing the urgency of that. I don't want to undermine or in any way say that this is not important. I'm not talking about the importance. I'm talking about the urgency.

Also, I want to be able to discuss why there would be three meetings. Do you have in mind that each one of the departments would be discussed separately? I'm just trying to understand. Three meetings means about six hours. In this session, we will have only another six or seven meetings remaining, if there is anything else we want to do. This would be 50% of what's left. I'd really like to get an understanding of that. The start time, which I talked about, would be around October 24.

Also, there's the volume of data. You've gone back to 2015. Can you expand on that? Why 2015? I would understand if you said, "I would like to get an understanding of the breakdown of 2022 and the specific trip." Then, if other information revealed itself, you would be in a position to come back and say, "Hey, you know what? This thing popped up, so now I would like to get a better understanding." Going back to 2015, I feel... I'm just talking about myself. That's the time when I started. Why not 2010 or 2019?

Again, going back to 2015 is going to generate a lot of information. A lot of information on that will be coming to us on October 21, and then we will need to process that to get to a meaningful contribution on October 24. It is an amount of information that I personally won't be able to process.

I would like to put on the table that I see the value. Again, it has to be put into perspective—the urgency, the scope, the number of meetings, the start time and the volume of data being asked for. It would be good to get some feedback on that so we could put it into perspective. I'm sure we'll have an opportunity to work together, if you're amenable, over the next while to address the urgency, the value, the scope, the number of meetings, the start time and the volume of data, and probably, in a very structured manner, to have one meeting to get an understanding of what happened in 2022, and then see whether we'll discover something else.

• (1305)

To me, this is going to open up a floodgate. It's a shotgun approach, and I understand that. If the objective of this, which I truly see the value of, is coming up with recommendations, I'm not sure how that shotgun approach is going to give us that.

I thank you for listening.

The Chair: I have Mr. McCauley next.

Mr. Kelly McCauley: Thanks, Mr. Jowhari, and thanks, Ms. Vignola, for the motion.

In general, I'm in support of the motion, for the big reason that we were all here when they testified, and we got a copy of all the receipts. Both parties from the Governor General's office and the RCAF very clearly either mistakenly misinformed or misled this committee or purposefully misled this committee. There were very specific questions on the costing, which we were misinformed of, and very specific questions on the menu, which we were very clearly misinformed of.

I want this committee to hear from them on why the committee was mistakenly or purposely misled on two very simple, basic questions that all witnesses had all the information of. It wasn't like our previous witnesses earlier today, where, quite honestly, on some of the items, it was, "Well, I don't know, because it's pulled out from five years ago."

All of our witnesses had the answer very clearly, and yet they gave the wrong information to the committee. I would like to support this and have them come back and explain to Canadians. I got 1,300 emails in one day on the issue after the Taxpayers Federation sent it out. I'd like to get to the bottom of the issue and get the straight facts.

So I'm going to support it.

Thanks.

The Chair: Thank you, Mr. McCauley.

We have Mr. Housefather, and then Mr. Johns.

Mr. Anthony Housefather: Thank you, Mr. Chair.

Before I begin, may I just ask how long we have House resources for in this meeting, since we're past one o'clock?

The Chair: I'm watching the clock. We can go as long as we need to. All of the resources are saying 1:30 p.m.

With that said, there is the option that as we get close to 1:30 p.m., we could move this, like Mr. Johns' motion, to Thursday and continue the discussion at that point in time.

Mr. Anthony Housefather: Thank you so much, Mr. Chair.

My suggestion is indeed that we move this to Thursday.

[*Translation*]

Let me explain.

I was also very disappointed to read in the news, the day after our meeting, a list of invoices that seemed different from the information we received. That said, if it were a matter of getting a meeting with witnesses who were present, with proof of all of the expenses associated with the trip, it could be relatively easy to accept. However, I am seeing something here that is much larger. It will cut into the studies on diversity in procurement and on the issue of subcontracting, which we are currently studying. It follows up on the Defence study, currently ongoing because Mr. McAuley asked to add meetings too.

So, it seems a little unfair to me that important studies for the Liberal Party and the NDP, which we've been waiting on for seven or eight months, are being pushed back again because of another study. I don't agree with that. I think three meetings is a lot. If we have to go back to 2015, it involves Governor General expenses associated with the Government of Canada, because that's the year the Liberals were elected. You all know there's no connection between one government and the next and how the Office of the Secretary to the Governor General operates.

I would therefore like to move amendments. I prefer the opportunity to give the amendments more thought, to bring them to the attention of committee colleagues from all parties and try to establish a consensus before Thursday.

I propose to look at this carefully on Thursday, but to look at the amendments first.

• (1310)

[*English*]

The Chair: Thank you, Mr. Housefather.

I now have Mr. Johns and Mr. Paul-Hus, and then I'll end with Ms. Vignola.

Mr. Johns, go ahead.

Mr. Gord Johns: First, I really appreciate the motion, and I support most of it. The only thing is around dates. I agree that we should be going back from 2010 to the present so that we get a full, wholesome look at the expenses over the last 12 years. That said, if we go back to 2010, we should probably give them a bit longer to get the documents to us. It says October 21. Maybe we can extend that to October 31, and maybe we can find a compromise, such as that we start this study no later than November 15, so that we can get it done before Christmas and the holiday season.

However, I agree that we have a lot of studies on the go right now, so it's kind of hard to shelve three studies and add another one, and then we're working on four studies. I'm hoping Ms. Vignola would be open to those kinds of changes, but I do think we should also look at the previous government: What is the difference? Is there a significant decrease or increase in expenses?

Also, for this study, I want to make sure that we get accurate information. By giving the government a bit longer, a few weeks, we can make sure that we get the right information because, clearly, when we're reading in the paper the next day after they testify here that the information has changed, that's not okay. So, I want to make sure that we get accurate information.

Those are my thoughts and my feedback.

The Chair: Thank you.

I have Mr. Paul-Hus and Mr. Jowhari.

However, I'm going to let Ms. Vignola answer some of the questions that were put out there.

Mr. Majid Jowhari: Mine is just a clarification.

The Chair: Okay.

If she can answer a couple, perhaps that might solve.... I'll let Ms. Vignola speak—I know she was taking down some notes, particularly with regard to some of Mr. Jowhari's questions—so that we don't forget those and we get that in.

Ms. Vignola, go ahead.

[*Translation*]

Mrs. Julie Vignola: Thank you, Mr. Chair.

I am asking for three meetings, the main reason being I don't want all of the witnesses to be heard at the same time, if we need to summon witnesses in addition to the three we heard from at the beginning. By having three meetings, which could last about an hour, it would ensure we don't have a huge panel of witnesses. We could concentrate on those who are present. It's a matter of time management for questions. It is sometimes disagreeable when three, four or five witnesses appear at the same time, and we have very little time to ask questions. By spreading it out over three meetings, that helps every single one of us, not just me.

As for the calendar, why do we need to go back to 2015? You called my attention to the fact that 2015 is the year the Liberal government was elected. My main reason truly is to get a comparison. The recently appointed Governor General has not made a lot of trips. By going back to 2015, we cover the two years with no travel. That would lead to a better comparison. We could cover from 2010 to 2022, if we want to compare; I see no problem there. We could even go back to 1867 and compare costs with an adjustment for their current value. The goal isn't to put the government in hot wa-

ter. I hope you're starting to get to know me. I am counting on efficiency. I want to make sure taxpayer money is well spent and we understand those expenses, which is why I suggested we go back to 2015. It has nothing to do with Mr. Trudeau's government being elected. I'm not seeking to establish comparisons with the years of Mr. Harper's government. It's simply because we had a pandemic. If that had not happened, I would only have gone back five years instead of seven.

It is indeed a great deal of information, but it should have been collected already. Evidently, it's already been done because reporters got it before we did. I'm asking to have the same information as them. I am aware that this means a lot of information, but when it comes to invoices, they only apply to travel in March, and not the last seven years. You know I like to sleep, eat and see my family outside of work, like the rest of you.

As for the dates to receive documents and start meetings, naturally, sooner would be better. I want to understand the situation quickly. I don't like being in the dark.

That said, I agree with Mr. Johns's suggestion: October 31 for receiving documents and November 15 for the first meeting. Those dates are acceptable. I am comfortable with that. However, I don't like being in the dark and I prefer to get out of it quickly. Just like on the highway, we don't like being in the dark.

● (1315)

[*English*]

The Chair: Thank you, Ms. Vignola.

We have Mr. Paul-Hus, and then Mr. Jowhari—or are you comfortable with the answer?

We'll go to Mr. Paul-Hus anyway.

[*Translation*]

Mr. Pierre Paul-Hus (Charlesbourg—Haute-Saint-Charles, CPC): Thank you, Mr. Chair.

On our side, we very much welcome the Bloc Québécois motion. That being said, I think there are some little changes to make, and we can resume debate at the next meeting.

I now request adjournment of the meeting, given the time.

Thank you.

[*English*]

Mr. Majid Jowhari: I support that.

The Chair: We're adjourning debate until a later date, until Thursday.

Thank you.

I declare the meeting adjourned.

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