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• (1530)

[English]

The Chair (Mr. Kelly McCauley (Edmonton West, CPC)): Good afternoon, everyone. We have quorum, so we will get going.

This is meeting number 41 of the House of Commons Standing Committee on Government Operations and Estimates, a.k.a. the mighty OGGO.

Today, from 3:30 to 5:30, we will be studying the supplementary estimates (B). We'll start off with a five-minute opening statement from the minister.

Welcome to your first OGGO appearance, Minister. I'll give you five minutes. Please go ahead.

Hon. Helena Jaczek (Minister of Public Services and Procurement): Thank you so much, Mr. Chair.

Good afternoon, committee members. Let me begin by acknowledging that we're gathered on the unceded territory of the Algonquin Anishinabe peoples.

With me today from Public Services and Procurement Canada we have Paul Thompson, deputy minister, and Wojo Zielonka, assistant deputy minister and chief financial officer. From Shared Services Canada we have Sony Perron, president; and Scott Davis, chief financial officer.

[Translation]

I am pleased to be here for the first time as Minister of Public Services and Procurement to discuss the funding requested by both Public Services and Procurement Canada and Shared Services Canada through supplementary estimates (B).

Let me also say that I am honoured to continue the work of my predecessor on the mandates of both departments.

[English]

To support our activities, we're requesting access to additional funding of \$192.2 million for Public Services and Procurement Canada and \$8.5 million for Shared Services Canada through supplementary estimates (B).

Specifically, Public Services and Procurement Canada is seeking access to \$135.9 million to support Canada's ongoing response to COVID-19. The department has aggressively secured services, supplies and vaccines to keep Canadians safe through this time of crisis. We will continue that vital work as we strive to emerge from the pandemic.

The department is also seeking access to \$20.5 million to help continue to stabilize the government's pay system and resolve the backlog of pay transactions. In addition, the department is seeking access to \$17.4 million to continue supporting our e-procurement solution, which will bring more of our procurement processes online, making them easier and more accessible to suppliers.

[Translation]

This is an important part of our plan to modernize government procurement.

As part of those efforts, the department has also launched a supplier diversity action plan, with an aim to increase the participation of under-represented groups in federal procurement.

[English]

I'll note that we continue to walk the path of reconciliation by requiring that a minimum of 5% of the total value of federal contracts be held by businesses led by first nations, Inuit and Métis peoples.

Through supplementary estimates (B), PSPC is also seeking access to \$10.1 million to support the planning and implementation for critical infrastructure projects. These projects include the rehabilitation of the Supreme Court of Canada building, replacing the Alexandra Bridge and implementing a long-term interprovincial crossings plan, an endeavour led by the National Capital Commission.

• (1535)

[Translation]

In addition to the initiatives for which Public Services and Procurement Canada is seeking access to funding through supplementary estimates (B), the department has other important work under way.

[English]

We're making progress on the procurement of 88 advanced fighter jets for the Royal Canadian Air Force. The government continues to work on the finalization phase of this complex procurement, and we're on track to award a contract very soon.

At the same time we are working with our partners to continue progress on Canada's national shipbuilding strategy. Due to the pandemic and other global events, the shipbuilding industry, like so many others, is facing significant challenges, such as rising costs of materials, supply chain disruptions and labour shortages. Nonetheless we are delivering on the strategy, and we remain committed to supporting a revitalized domestic shipbuilding industry that meets the needs of the Canadian Coast Guard and the Royal Canadian Navy.

As you know, we're also working to rehabilitate the parliamentary precinct, and the department continues to modernize our real property portfolio to lower operating costs and reduce greenhouse gas emissions, while providing public servants with workspaces that meet their modern needs.

Like Public Services and Procurement Canada, Shared Services Canada plays a vital role in supporting the government's operations, providing public servants with modern tools, and Canadians with secure and reliable digital services.

Shared Services Canada's request is for a net increase of \$8.5 million for core IT services. This is made up of \$18.2 million in new funding, but with transfers to other government departments, resulting in a decrease of \$9.7 million, and—

The Chair: Minister, we're at five minutes. Would you wrap up quickly?

Hon. Helena Jaczek: Yes, I will.

The net increase required is the \$8.5 million.

[*Translation*]

The new funding will support the costs of providing core information technology services to Government of Canada employees.

[*English*]

I'm very pleased to be here to answer your questions and to work with this committee.

Thank you so much.

The Chair: Thank you, Minister.

Mr. Barrett, you have six minutes, please.

Mr. Michael Barrett (Leeds—Grenville—Thousand Islands and Rideau Lakes, CPC): Thanks, Mr. Chair.

Thanks to the minister and officials for appearing today.

Minister, does your department waive security clearance requirements on contracts dealing with the private information of Canadians?

Hon. Helena Jaczek: Mr. Barrett, that is of such a technical nature that I think I'm going to refer to my officials for that.

Deputy.

Mr. Paul Thompson (Deputy Minister, Department of Public Works and Government Services): The question is whether we waive protections under.... Could you repeat the question?

Mr. Michael Barrett: The question is this: Does PSPC waive security clearance requirements for any contractors dealing with the private information of Canadians?

Mr. Paul Thompson: I might have to take that under advisement. Could you elaborate on the question and maybe give a scenario that you have in mind?

Mr. Michael Barrett: Certainly.

On contracts that this committee has viewed and with respect to ArriveCAN, we've seen in responses to vendors that security clearance requirements would be waived, so where a vendor or a contractor would be required to have top secret clearance, having filed the paperwork to apply for top secret clearance would have sufficed.

Is that something that PSPC does?

Mr. Paul Thompson: One of the things we've done is change our security methods so that we do the security clearances on award of a contract, rather than as part of the eligibility of bidders. We've streamlined our security clearances in that fashion.

I'm not sure if that's what you're getting at, but we don't waive, to my knowledge, the requirements in the case of.... When there are information requirements that are built into the job, we honour those and require the security provisions.

Mr. Michael Barrett: Okay.

Then you can confidently say that nobody works...that no contractors for PSPC or contracted by PSPC are authorized to do work unless they have been cleared with the requisite security clearance.

To be perfectly clear—

Mr. Paul Thompson: Yes.

Mr. Michael Barrett: —I mean not that they have an application in process, but that they have the clearance.

● (1540)

Mr. Paul Thompson: There may be situations where the work package is altered so that the contractor in question doesn't have access to the data. Those kinds of adjustments could be made during the course of a project to make sure that the work aligns with the security clearances of the individual in question.

Mr. Michael Barrett: That's a “no”. The department does not allow or—

Mr. Paul Thompson: We wouldn't allow access to secret information or classified information if the contractor didn't have the required authorizations.

Mr. Michael Barrett: Thank you.

Are you able, Minister, to tell us how many sole-source contracts were awarded for the ArriveCAN application?

Hon. Helena Jaczek: I will be consulting tab 19 in this giant book.

Mr. Michael Barrett: Thank you.

That's the "we've been expecting you" tab.

Voices: Oh, oh!

Hon. Helena Jaczek: Okay. Our information comes from the CBSA. I have just actually been handed....

Thirteen out of 21 awarded were competitive, and presumably that means the remaining eight were not. They were sole-source contracts.

Mr. Michael Barrett: Okay.

Are you able to say why the balance were not competitive contracts?

Hon. Helena Jaczek: I will have to turn to my deputy.

Mr. Paul Thompson: I would be happy to.

There were eight that were not competitive. There were two categories. Some had the national security exception applied to them, and some had other sole-source justifications—for example, the ability to provide intellectual property that was unique to one supplier. Those are a couple of examples of the rationale for the sole-source contracts.

Mr. Michael Barrett: Okay.

Minister, if I understand correctly, the portfolio was not yours at the time that ArriveCAN was awarded. Is that correct?

Hon. Helena Jaczek: I was made Minister of Public Services and Procurement Canada on August 31, 2022.

Mr. Michael Barrett: Okay.

Are you or your officials able to tell us which ministerial staff were involved in that decision-making process?

Hon. Helena Jaczek: The decision-making process related to what? I mean, ArriveCAN was a very lengthy process.

Mr. Michael Barrett: The awarding of the contracts for ArriveCAN.

Hon. Helena Jaczek: Okay.

Mr. Deputy.

Mr. Paul Thompson: It would be the procurement branch that would administer these contracts, and some of them involved pre-existing supply arrangements whereby contractors would have pre-qualified. Those would have been developed in advance of when the call-ups were made against those existing supply arrangements.

Mr. Michael Barrett: If I can, Mr. Thompson, what I'm looking to find out is on a rather large contract awarded to a company called GC Strategies. It's not clear who initiated that contact with GC Strategies.

I'm wondering whether you can tell this committee today which official initiated that contact with them and, if not, whether you could undertake to provide that in writing to this committee.

Mr. Paul Thompson: GC Strategies is a Canadian IT staffing firm that was pre-qualified on a list of suppliers, and the department

had the authority to call up. I understand that company did work with CBSA in the past, and they chose to engage them subsequently on work on the ArriveCAN project.

Mr. Michael Barrett: The decision would have been one by an individual employee. In the face of having multiple companies, Deloitte, Google and GC Strategies, it was up to one employee to award that sole-source contract to them.

The Chair: We need a brief answer, Mr. Thompson.

Mr. Paul Thompson: Thank you, Mr. Chair.

The role of PSPC in this case was to pre-qualify suppliers. It's up to the department to request a call-up. It would have been the department that initiated the call-up and made the selection amongst the available—

Mr. Michael Barrett: That was the CBSA.

Mr. Paul Thompson: It was the CBSA, the client department, yes.

The Chair: Thank you, Mr. Barrett.

Next is Mr. Jowhari, please, for six minutes.

Mr. Majid Jowhari (Richmond Hill, Lib.): Thank you, Mr. Chair.

Welcome, Minister. In your opening remarks, you said the department has launched a supplier diversity action plan with the aim of increasing participation of under-represented groups in federal procurement.

I'd like to ask a question specifically about indigenous procurement. We see that PSPC has done a lot to improve the diversity of indigenous businesses in the supply chain of the federal government. Can you please elaborate on the indigenous businesses that have been awarded contracts since the pandemic started? In your opinion, where has our government made improvements and what programs worked well?

• (1545)

Hon. Helena Jaczek: Thank you, Mr. Jowhari.

Certainly trying to improve diversity of indigenous businesses is something I think our government takes very seriously. In fact, it's almost a hallmark of our government's ambition.

At PSPC—and I looked into this quite closely—we set a target that at least 5% of federal contracts should be awarded to businesses managed and led by indigenous peoples. We are modernizing procurement practices in a way that supports members of our communities who have been historically left out, including indigenous businesses. Obviously over the years, there have been various barriers to indigenous businesses entering into the opportunity to have business with government projects.

Specifically in response to the COVID-19 pandemic, PSPC awarded 42 contracts to self-identified indigenous businesses, collectively worth over \$197 million, including for logistics, air charter services, accommodation, cleaning services, IT professional services, medical and laboratory supplies, masks, hand sanitizers and thermometers.

We're continuing to look at what barriers exist so that we can continue this trend. Of course, if we can possibly get over the 5%, we would be extremely happy to do that. That's an ongoing piece of work that our department is focusing on.

Mr. Majid Jowhari: Thank you, Minister.

As a clarification, are we at the 5% that we're trying to achieve with...? I believe it was 43 contracts that you talked about. Where would that position us?

Hon. Helena Jaczek: I think we're on the track to 5%, but we're not quite there yet.

Mr. Majid Jowhari: Okay.

I'll change topics. Could you supply some of the examples of the work PSPC has done on greening in the national capital region to get us to net zero by a 2030 timeline?

Hon. Helena Jaczek: Yes, indeed.

One of the major interests of our deputy of PSPC is looking at buildings in terms of what we can do. Obviously, buildings are a source of greenhouse gas emissions, and we have the ambition to get to net zero by the 2030 timeline. What PSPC has been doing is modernizing the national capital region, in particular, through a district energy system, which is providing heating services to 80 buildings and cooling services to 67 buildings in the region. This type of change will result in a 92% reduction in GHG emissions by 2025, so we're definitely on track.

I also had the opportunity to go and visit one of the new workspaces that has been piloted in Orleans in the national capital region. With the future of work, we're anticipating that workplaces will look very different. Obviously, through COVID, we've had the opportunity to use Zoom and to have hybrid situations, where it's appropriate, of course.

I visited a workspace that was essentially a number of work stations and a room for team meetings. Employees would go to this workplace on a needs basis, essentially, when they needed to have some contact directly or when they wanted a quiet space they didn't have at home. Nobody actually owns a work station. It's simply a place where you can go and work, and it seems to be very well received by employees. That particular location was part of what we're trying to do in terms of greening government.

Mr. Majid Jowhari: On the same greening of government, is there anything on the fleet management that you or your officials could share with us?

Hon. Helena Jaczek: Certainly, we're looking at vehicles and so on. Again, you heard Mr. Thompson saying that there's a commitment to net-zero emissions by 2030 on the fleet.

How many vehicles would that involve?

• (1550)

Mr. Paul Thompson: Over the next seven years, we plan to convert the fleet. We're now working on having either hybrid or battery electric vehicles as the preferred purchases. There's a plan over the next seven years to convert to a 100% zero-emissions vehicle fleet by 2030.

Mr. Majid Jowhari: I have 15 seconds, which I yield to you, Mr. Chair.

The Chair: Thank you, sir.

Ms. Vignola, please, you have six minutes.

[Translation]

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

I would like to thank Ms. Jaczek and everyone on her team for being here today.

For my first question, I'd like to follow up on a previous line of questioning.

What barriers do first nations-owned businesses run into that other minority-owned businesses seldom or never do? I'm talking about businesses that are similar in size and type. Let's not compare apples and oranges.

Hon. Helena Jaczek: Thank you for your question.

[English]

Obviously, there are similarities. There are barriers for marginalized people across the board.

I think it starts, first of all, with the knowledge that there is an opportunity. People need to be aware that they can in fact look at a list of tendered projects and have the opportunity to engage.

Our current system is paper-based, but we're trying to make things much more accessible in terms of websites. If you go on the Government of Canada website and you look for procurement opportunities, you get to CanadaBuys. Some of those improvements are more accessible for people and perhaps less intimidating.

There is a registry, as I understand it, that we're trying to compile of indigenous businesses. We're going across the country to reach out and make—in this case particularly—indigenous people aware of their opportunities to participate. There is an office, as I understand it, where they give direct one-on-one assistance as required as well.

[Translation]

Mrs. Julie Vignola: Thank you.

As you mentioned in your opening statement, Public Services and Procurement Canada is requesting access to \$135.9 million to support Canada's ongoing response to COVID-19. The funding will be used to secure services, supplies and vaccines. I want to focus on supplies.

What supplies does Canada need to secure for the ongoing response to COVID-19? Can you give me two or three examples? Can you also tell me where those supplies will come from?

[English]

Hon. Helena Jaczek: I was interested in this as well. That \$135 million was something that is not exactly directed to preventing or treating COVID. It is actually the storage of four mobile health units that are being warehoused. They are in the possession now of PSPC. I believe two of them were used during the pandemic to assist hospitals, so they were an additional, outside of the emergency department, opportunity for patients to be seen and to be treated in triage right in these units.

I'm not quite sure of the proportion of the \$135 million that is required, obviously, for these mobile health units, but I just wanted to mention that because it was something I was completely unaware of. When it comes to COVID itself, again, one of the things that is maybe more current to where we are in the pandemic is—

[Translation]

Mrs. Julie Vignola: Sorry to cut you off, Ms. Jaczek, but I don't have a lot of time. I asked you for a few examples of supplies. Your explanation is fascinating, but I'd like a more concrete answer, please.

[English]

Hon. Helena Jaczek: Okay. As an example, there are the vaccines. Most recently, as you probably know, we have been purchasing the bivalent BA.4/BA.5 variant of the vaccine. That is a current strain of the actual vaccine that is—

• (1555)

[Translation]

Mrs. Julie Vignola: Again, I have to cut you off.

You mentioned services, supplies and vaccines. Unless I'm mistaken, vaccines are not considered to be supplies.

When you say supplies, what exactly are you referring to? All I want are two or three examples, please.

[English]

Hon. Helena Jaczek: Obviously, things like personal protective equipment, masks and ventilators were used in the past, and gowns for health care personnel.

[Translation]

Mrs. Julie Vignola: I'm surprised to hear that ventilators are among the supplies that the \$135.9 million will be used to purchase. I would point out that a \$237-million contract was previously awarded for the purchase of 40,000 ventilators, and only 12,500 of them were used. Whenever I ask whether the government is going to be reimbursed for the ventilators it doesn't use or whether it plans to sell them to the rest of the world, either I don't get an answer or I'm told that there are plans. The answer is always quite vague.

You can understand my surprise, then, to learn that some of the \$135.9 million will be used to purchase more ventilators. We've already bought nearly 30,000 too many. We didn't receive the 40,000 ventilators, but it's quite an impressive amount. It translates

to about a hundred ventilators per health care facility, if you take into account facilities with just an employee or two as well as bigger institutions like hospitals.

This comes as a surprise, I must say.

[English]

Hon. Helena Jaczek: I think our chief financial officer can probably give you—

The Chair: I'm afraid we're out of time for this round. Perhaps we can get back to it in the next round.

Mr. Johns, you have six minutes, please.

Mr. Gord Johns (Courtenay—Alberni, NDP): Thank you, Minister, for being here today.

Nearly a year and a half ago the expert task force on substance use set up by Health Canada recommended, “An expert committee should be convened within three months of this report to lead the design of a national safer supply program, with the goal to increase access to safer supply for up to one (1) million Canadians at risk of death from drug toxicity.” The task force further indicated that such a committee could “Develop a plan for deploying an expanded health response with resources commensurate with those allocated to responding to other emergencies such as COVID-19.”

Your colleague, the Minister of Mental Health and Addictions, said in September the government is moving towards a regulated safer supply of drugs. However, it's unclear what work is taking place to make that a reality and stop the thousands of deaths we're seeing every year because of the contaminated drug supply.

Have you engaged with the Minister of Mental Health and Addictions on how PSPC might support the development of a national safer supply program?

Hon. Helena Jaczek: Thank you very much, Mr. Johns. Obviously, this is an issue of tremendous importance for our country. I know that you have been at the forefront of bringing it to our attention.

Just to be clear, PSPC is the department that responds to requests from other departments for the acquisition of products or services. I'm not aware of any direct requests from either the Minister of Mental Health and Addictions or Health Canada, or even the Public Health Agency of Canada, to our department, which I think is the very specific question you asked.

Deputy, are you aware of any particular request on safer supply?

Mr. Paul Thompson: No. We don't have any. It would require the funding to be provided and the department to give us a specific requisition for the procurement of services—

Mr. Gord Johns: Yes, so this is what you did with COVID, and it's disturbing to hear this. Canadians are dying and lives are being shattered every day because of a contaminated drug supply. You responded to COVID in a very different way. The lives of over 30,000 Canadians have been lost. It's the number one killer in unnatural death in my home province of British Columbia. In my community, the numbers are skyrocketing because of the toxic drug supply.

We know that the leader of the Conservative Party wants to double down on the failed war on drugs rather than listen to experts in health and law enforcement and people with lived experience, but your government, Minister, says the approach to the toxic drug crisis is different. You're sitting on clear recommendations from your own expert task force on substance use. You're in that cabinet. To turn the tide on this crisis, you need to move past the stigma and the failed status quo.

Minister, across the country, life-saving supervised consumption sites are struggling to meet the needs of their communities because of a lack of adequate funding. Has PSPC discussed with the Public Health Agency of Canada or Health Canada the possibility of bulk purchasing harm reduction supplies to help reduce operating costs for these services?

• (1600)

Hon. Helena Jaczek: The answer to your direct question is no.

Mr. Gord Johns: Minister, I'm hoping you're going to speak to your colleagues and ask them why. Why are they not asking you to supply a safer supply, given the magnitude of this crisis? Do you understand and see this as the health emergency that it is?

Hon. Helena Jaczek: Mr. Johns, I commit to you that I will have that discussion with the minister.

Mr. Gord Johns: You are the procurement minister. It is something that your government is pledging is a top priority, but you're not responding like it is. I'm concerned.

Minister, at the beginning of the pandemic, Canada was caught unprepared with respect to personal protective equipment, which put frontline workers at unacceptable risk. The value of having a domestically manufactured supply of essential PPE became abundantly clear. The government encouraged Canadian industry to fill that void. Canadian businesses answered the call, but many small and medium-sized enterprises have since shut down or are at risk of closing because the government has awarded contracts to multinationals instead of supporting this emerging domestic industry.

Wayward Distillery is in my riding. It's owned by Dave Brimacombe, who pivoted in the early days of the pandemic to produce ethanol for hand sanitizer. He was unable to secure government contracts and had to sell his stock at a \$400,000 loss. This is a former veteran, Minister. If Canada does not support its own PPE industry, it will disappear. We're at risk of going back to where we were in 2020, once again being caught unprepared when global demand exceeds supply.

What is PSPC doing to support Canadian PPE manufacturers as it continues to procure supplies for the health care system?

Hon. Helena Jaczek: I'll turn to my deputy for the specifics on PPE. That was certainly well before I became the minister.

I'm sure you have a great deal of information.

Mr. Paul Thompson: We have actually produced a regular report that is available online with all the PPE production the department has supported over the course of the pandemic. I would be happy to refer the member to that source of information.

Mr. Gord Johns: Okay.

I'm just saying that it's going to take decades for people to recover from this. These were people who stepped to the plate and provided PPE for frontline first responders, for health care workers and for people in law enforcement. These were people like Dave Brimacombe, who owns Wayward Distillery in Courtenay, in my riding. These were true heroes, and they got left behind.

I've seen the list. It failed. Going back to those suppliers who stepped up to the plate at the beginning of the pandemic, I wish the government would reach out and support those manufacturers and ensure that they're going forward with a system that will put them as a priority and at the top of the list.

Thank you.

The Chair: That's your round, Mr. Johns. Thanks very much.

Mrs. Block, you have five minutes please.

Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC): Thank you very much, Mr. Chair.

Thank you, Minister for being here. To your departmental officials, thank you so much for joining us today.

I'm going to circle back and try to catch up on a number things I wanted to ask about in a follow-up to some of the questions that my colleague asked.

The first would be in regard to the national security exception. I think it was noted that there was one national security exception applied in the process of the sole-source contracting. Can you tell me who determines the application of that national security exception? What was the justification for it in this circumstance?

Mr. Paul Thompson: That's an exemption that is applied by PSPC to authorize its use. It was used over the course of the pandemic in numerous cases, particularly when there was an urgent need for health and safety, as was the case here with the Canada Border Services Agency.

Mrs. Kelly Block: Okay, thank you.

You also spoke about the process for security clearance when my colleague was asking his questions around whether or not security clearances had been waived.

What is the process for pre-qualifying a company?

Mr. Paul Thompson: There is an annual refresh of the pre-qualification of companies in the supplier arrangements that I referred to. There's an opportunity every year for new companies to apply and for existing companies to re-establish their interest in staying on a supplier list.

We have contract security arrangements that align with the statements of work. They are adjudicated as the contracts are awarded. The statement of work needs to align with the security provisions that are in place with the contractor in question.

• (1605)

Mrs. Kelly Block: Thank you very much.

When you're looking at developing a contract, are those written in isolation of that list of pre-qualified companies?

Mr. Paul Thompson: I would have to check on all the specifics, but it's my understanding that those would be included in the statement of work that the department has. It would be matched against the capabilities of a company on a supplier arrangement list.

Mrs. Kelly Block: Thank you.

I want to go back to a question I've had over the last number of weeks when it comes to the contract with GC Strategies. We understand that it is a small staffing firm that does not have the skill set to do the work, but that they pull together a team made up of subcontractors. When we talk about the process for security clearance, I would like to know what process is applied to those subcontractors. PSPC would have had a contract with GC Strategies, but what is the process for those subcontractors?

We have been told that we cannot know who they are or the nature of their contracts. CBSA told us that they don't know who they are.

What sort of security clearance process do they go through?

Mr. Paul Thompson: On that one, I think I would undertake to get back to the member with the technical details on how that is managed.

Mrs. Kelly Block: Okay. I actually want to move into a discussion about the departmental results reports. I may not get through it all, but I will just note that this issue was raised in the Parliamentary Budget Officer's report in relation to the supplementary (B) estimates for 2022-23. He provides some context around lapses in voting. Then he talks about some of the reasons why there would be lapses for the Department of Health given the uncertainty around the pandemic, but then he makes this statement:

In contrast, there is no clear explanation regarding the nonpandemic lapses among other federal organizations. While some detail is usually provided in the Departmental Results Reports (DRRs), the Government failed to release these transparency documents with the Public Accounts and has not committed to a release date.

I am wondering if you can advise me, Minister. Is PSPC one of the departments that has failed to submit its departmental results reports?

Hon. Helena Jaczek: I'm going to have to turn to my officials.

Mr. Paul Thompson: With respect to the submission of our departmental results report, we did submit in line with the required timelines.

The Chair: Thank you very much.

Ms. Thompson, we'll go over to you, please, for five minutes.

Ms. Joanne Thompson (St. John's East, Lib.): Thank you, Mr. Chair.

Welcome, Minister, and welcome to your officials.

It's incredible to me that we are now moving into the third year of the COVID-19 pandemic. From having worked on the front lines in the very beginning, I certainly appreciate those early days and how difficult it was to procure equipment but also vaccines. We're so far into this now, with generations of boosters.

Could you please speak to the previous actions the government took to ensure Canadians had access to enough vaccines to protect them from current and future waves?

Hon. Helena Jaczek: Thank you, Ms. Thompson.

Certainly, I'd be pleased to do that, because of course it has been an unprecedented situation that we've faced with COVID-19. I think we can say, and I think we all saw, that our government was in action as soon as the pandemic was acknowledged and declared.

Since it began in 2020, there was a full-court press on responding to COVID-19, working with partners to procure vaccines, personal protective equipment, ventilators, masks and gowns, all in an effort to keep Canadians as safe and as healthy as possible. We did establish complementary supply chains from a range of suppliers, and we partnered with Canadian industry to rapidly scale up and retool production capacity, ensuring a reliable domestic supply to serve our needs for the short and long terms. I think we all remember the stories of so many people stepping up to the plate to do their part.

Since July 2021, Canada has maintained a steady supply of vaccines for every eligible person who wants one. Deliveries from international and domestic sources came in consistently and on schedule to meet our needs, so we have now ensured that we have procured a steady supply of life-saving medical supplies in the short and long terms.

I think we should realize that Canada is currently among the top G20 countries for rate of vaccination. Obviously we still need people to get their boosters, but we have enough. We have secured future supply with Moderna and Pfizer that will provide an access to the range of products that's required, including—and you will have no doubt noted this in the news quite recently—the pediatric supply that's so important to keep our children safe as well. Also, of course, as the variants have occurred, we've kept up and ensured that we've received those vaccines as well.

In terms of more recent times, we have secured a supply of 12.6 million doses of the bivalent, the BA.4 and BA.5 vaccines, to be delivered this year. So far, some 7.8 million bivalent doses have been delivered. We've also secured a supply of a number of therapeutics—you may have heard of Paxlovid—so that specifically if people have respiratory symptoms they can be provided with a prescription.

There are actually some nine different therapeutics that we have acquired, and that was obviously at the behest of the Public Health Agency of Canada. As of October 2022, PSPC has been able to secure orders for more than 2.27 million treatment courses for use in Canada of these nine different therapeutics. Actually, I was interested to learn that these are expensive medications. They vary in cost from \$900 to up to \$3,000 for a course of treatment.

We have been on top of the situation every step of the way to the extent possible and, of course, we need to remain vigilant going forward.

• (1610)

The Chair: That's pretty much it, I'm afraid.

Ms. Joanne Thompson: Thank you.

Thank you, Minister.

The Chair: We're going to go back to Ms. Vignola.

I'm going to combine the two Bloc times and the two NDP times to go five and then two and a half, rather than two and a half, two and a half and two and a half.

You have five minutes, Ms. Vignola.

[*Translation*]

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

Madam Minister, according to the Parliamentary Budget Officer's latest report, the budget for warships has increased by a further 9%. We know that the pandemic has resulted in increased costs. That is in particular the result of supply chain delays, absences and leave. The fact remains that a 9% increase is more than what can be attributed to the pandemic itself.

When I heard you say earlier that progress had been made, I was startled once again. On the one hand, you seem to disregard the explosion in prices. On the other, it seems like you are putting a heavy lid on the elephant in the room, in this case Davie Shipbuilding, which is still not officially part of the agreement although it accounts for 50% of the naval construction capacity in Canada. To my knowledge, the framework agreement has not yet been signed, but perhaps you will be pulling a great white rabbit out of your hat this afternoon.

How can you say that things are progressing well?

Earlier you said that the aircraft contract would be signed shortly, since negotiations were proceeding well. Yet you made no mention of the third partner.

I am not asking you to disclose confidential information from the negotiations, but I would like to know how you can say things are going smoothly and that we are making progress when costs have exploded and there is no mention of the framework agreement.

• (1615)

[*English*]

Hon. Helena Jaczek: First of all, I think you started off with shipbuilding, if I am correct. Obviously our department responds to the needs of the Department of National Defence. They give us the criteria that we need to look for in our contract. That is done very carefully, very diligently. There's obviously a very specific backwards and forwards with National Defence, whether it be on the fighter jets or on the shipbuilding of naval vessels. Obviously, as we know, there is inflation globally. Costs have obviously increased. There have been supply chain issues and so on.

Perhaps our chief financial officer would like to talk a little bit about when he became aware of these costs increasing and what kind of discussion went on with National Defence.

Perhaps you would be best to address Madame Vignola's question.

[*Translation*]

Mr. Wojo Zielonka (Assistant Deputy Minister and Chief Financial Officer, Department of Public Works and Government Services): Thank you, Madam Minister.

Typically, that is the responsibility of the departments seeking the procurement in question. In our case, it is our responsibility to work with the organizations that are doing the work to obtain the best price possible. We do that in every case.

Mrs. Julie Vignola: What control measures do you have to ensure that the price increases are not the result of greed on the part of the companies? I am not saying the companies we are dealing with are greedy, but that is something we have seen in the past. How do you make sure that those increases are the result of external factors alone?

I would also like to get back to the framework agreement because I am really curious to know how the negotiations are proceeding.

Mr. Wojo Zielonka: We have various measures. For example, we work with organizations that can help us understand the reasons for price increases. They can analyze the information available on other matters. That information can help us analyze the situation and determine whether the price increases are reasonable or not. We can also get specific information from the companies on specific issues.

[English]

The Chair: I'm afraid I have to interrupt you there, sir. That's our time.

Mr. Johns, go ahead, please.

Mr. Gord Johns: Thank you.

Minister, last year we learned that PSPC awarded a \$150-million sole-source contract to SNC-Lavalin for field hospitals, despite no formal request being made because of the “urgency of the need”.

Why was PSPC willing to move forward in that case without a request, but it has not been willing to do so in relation to safer supply or harm reduction supplies? Does PSPC see the toxic drug crisis as a public health emergency or not?

Hon. Helena Jaczek: I'm a little unclear on what the exact question is. Obviously the SNC-Lavalin—

Mr. Gord Johns: I'll help you, Minister. You just said you were waiting for a request from the departments to be able to deliver a safe supply. You have different rules for different priorities. You don't need a request. You'll sole source and go ahead with an objective at PSPC that is of urgent nature without a request from the appropriate departments. This is a situation—

• (1620)

Hon. Helena Jaczek: As far as I'm aware, we require a request from a department.

Mr. Paul Thompson: If I could help clarify, I believe the member is referring to the contract for the mobile hospital units with SNC-Lavalin PAE. In that case, PSPC was funded directly for emergency acquisitions in support of the pandemic. PSPC became the responsible department to execute that procurement with the advice of other partners.

Mr. Gord Johns: That is exactly the question, Minister. Do you see the situation that we're in with the toxic drug crisis as an emergency?

Hon. Helena Jaczek: PSPC only acquired those mobile health units presumably because they were requested by the Department of Health.

Mr. Gord Johns: Minister, my question to you is this: Do you see this toxic drug crisis as a health emergency?

Hon. Helena Jaczek: Are you asking me personally?

Mr. Gord Johns: Yes.

Hon. Helena Jaczek: I'm a physician. I am very distressed at the situation as it relates to the opioid crisis. I am a firm believer in safe supply.

Mr. Gord Johns: Do you feel your government is doing enough to deliver the safe supply that's needed right now to Canadians who are struggling?

Hon. Helena Jaczek: I will continue to have conversations with the Minister of Mental Health and Addictions. It is a topic of concern for a number of us.

Mr. Gord Johns: Okay.

Minister, today CBC is reporting that the MyMoney Loan program offered by Canada Post, in partnership with TD Bank, has

been paused after being launched just last month. Concerningly, it is being reported that loans under the program were being offered at rates of up to 20%, much higher than traditional lines of credit.

Postal banking could reduce systemic inequalities in communities that lack bank branches. Many banks are pulling out of rural communities, as you know, despite the fact that they're having record profits—especially communities like the majority of those in Nunavut. I've talked to you about this, and the importance of this to my colleague from Nunavut, Ms. Idlout. However, it simply can't accomplish this goal if punitive interest rates are offered to pad the profits of a big bank.

As the minister responsible for Canada Post, can you please explain how you will ensure the program is serving communities rather than wealthy executives and shareholders, and that it delivers this absolutely critical service to remote and rural communities across Canada?

Hon. Helena Jaczek: Mr. Johns, as you know, Canada Post is a stand-alone, arm's-length corporation from government. Indeed, there is clearly a role for me as minister responsible to answer to Parliament for their activities. To that end, I am anticipating very shortly a meeting with the CEO of Canada Post. We will be reviewing their proposed business plan.

It will obviously include, as I understand, the proposal. Some of these community hubs or post offices offering loans through TD bank do exist. I will want to hear more about their business plan and how that goes—

Mr. Gord Johns: I appreciate that, Minister, and I hope that you'll provide the necessary resources to Canada Post so that they can deliver. It's important for reconciliation.

This has been a challenging fall for parents of young children as they have grappled with ongoing shortages of pain and fever medications amidst an intense season of respiratory illnesses. These shortages began many months ago, and we're only now beginning to see action from the federal government.

Has PSPC been involved in the procurement of imported medications for children? If so, when was PSPC first engaged on this issue?

Hon. Helena Jaczek: I don't believe PSPC was in any way involved. Perhaps the deputy—

The Chair: I'm afraid that's our time.

Thanks very much.

Mrs. Kusie, go ahead for five minutes, please.

[Translation]

Mrs. Stephanie Kusie (Calgary Midnapore, CPC): Thank you, Mr. Chair.

Thank you for being here today, Madam Minister.

[English]

Minister, I want to have a conversation again about the status of Phoenix. We know that although \$2.1 billion has been put towards the Phoenix system at this point, there's still a significant backlog. I'm hoping you can tell the committee the status of the Phoenix backlog and how many public servants are still affected by this disaster.

Hon. Helena Jaczek: Mrs. Kusie, you can imagine that I'm just as frustrated as you are with the Phoenix situation. Canadians are. Employees are. Many of the affected employees have been distraught. They deserve to be paid accurately, on time and so on. As for the exact number in the backlog, I know, obviously, it has increased recently because of the volume of need of individuals who have been employed through the pandemic. There has been an increase in FTEs acquired by the government and, therefore, an increase in the number of transactions. Perhaps the deputy has the precise numbers.

We're certainly making progress overall, but as the volume has increased, the numbers in the backlog have also.

Mr. Deputy, please give us the exact numbers.

• (1625)

Mr. Paul Thompson: Thank you.

We have indeed seen an increase in the backlog. The number of cases, beyond our normal workload, that have a financial impact on employees has grown to be in excess of 200,000, which is much higher than we're comfortable with. As the minister noted, we are making significant progress. We are closing more cases than ever before, but the volume of transactions coming into the pay centre has gone up more quickly than our capacity to deal with it has, hence this growth in the backlog. We are taking a multipronged approach to continue to work down that backlog over the coming months.

Mrs. Stephanie Kusie: Thank you, Mr. Thompson.

In addition, there was a media article released last week about how there has been \$500 million in overpayments with the Phoenix system.

What is your plan, Minister, in an effort to recoup those funds?

Hon. Helena Jaczek: I will of course ask for more detail from my officials, but what I've been informed—because obviously, I was very concerned when I heard that the overpayments were part of the issue—is that every effort for flexibility in terms of the individual's situation is taken into account. I did a calculation at some point, and I believe the average overpayment is in the order of about \$4,000, but obviously, payments would vary tremendously. For the specifics of the mechanics of how we manage it, I've certainly urged our officials to ensure that they work with the individual and make it a reasonable process in terms of repaying the amount owed.

Mrs. Stephanie Kusie: Thank you, Minister.

In addition, there's been some discussion about a new generation system. Can you give a status update, please, as to when we can expect this new generation system?

Hon. Helena Jaczek: The new system that is being studied carefully through pilots is called NextGen, and I understand that pilots were started in a number of departments in the government to see how it would work. I believe Canadian Heritage, Fisheries and Oceans, Indigenous Services and Crown-Indigenous Relations are involved. We're studying very carefully how it's working. One certainly wouldn't want to go live on a system unless it was absolutely thoroughly tested, and that's what I've been assured is happening. Perhaps Sony could provide a little bit more detail.

Mr. Sony Perron (President, Shared Services Canada): Yes, we are testing a commercial solution, which is a tool that is used by private sector and public sector organizations across the world. We have pre-qualified four vendors that are in the top quadrant—they are the best in the world at doing this—and we are testing right now with one against the complexity of the public service to make sure that we don't get into a place where we try to adopt a system and then at the end we find that we have to invest in technology.

The hypothesis is that there may be a way to adapt the way we work to adopt a solution like that, so we can benefit from that type of technology. Testing is under way. We did a paper exercise to compare the complexity. Now we are testing the workflow, the process and the complex transactions. We will be landing in our testing probably by somewhere in the middle of summer 2023, and then we will be working on a recommendation with respect to how feasible it is to migrate toward this kind of solution.

The Chair: I'm afraid that's your time.

Minister, would you have enough time to stick around for Mr. Bains' final round?

Hon. Helena Jaczek: I have a plane to catch. However, since I know Mr. Bains is one of the people who is on hybrid for a very valid health reason, I would certainly enjoy hearing his questions.

The Chair: Mr. Bains, you can talk for five minutes, please.

Mr. Parm Bains (Steveston—Richmond East, Lib.): Thank you, Mr. Chair, for giving me the opportunity.

Thank you, Minister. I will make it quick.

As we all know, the national shipbuilding strategy brings enormous economic benefits to our country. It's an extremely important piece for us here on the west coast and for our marine sector. I certainly appreciate it. Our committee is studying shipbuilding. Your predecessor testified at committee numerous times throughout and spoke about the progress made to date on this important file.

Could you please update this committee on Canada's efforts to build ships for the future and what it means for jobs?

• (1630)

Hon. Helena Jaczek: Absolutely. I can understand your interest, of course. Anyone in the Vancouver area would be similarly very proud of what we're able to achieve with our national shipbuilding strategy.

We are delivering for Canadians by equipping the navy and the Coast Guard with the ships they require in order to serve and protect Canadians. We are also creating good, middle-class jobs across the country, because there is similar work going on in Halifax as well. In fact, the first three Arctic and offshore patrol ships have been delivered. The third was delivered to the Royal Canadian Navy in September. The next three are under construction, with steel cutting for AOPS 6 having occurred in August.

As of this summer, Canada has awarded approximately \$21.7 billion in national shipbuilding strategy contracts. I can see Madame Vignola cringing at that number, which is obviously very large, but that is the amount in contracts to businesses throughout the country.

Our national shipbuilding strategy is a long-term investment, and it will continue to create good jobs and support economic growth in coastal communities across Canada.

Mr. Parm Bains: Thank you.

Mr. Chair, I can leave it there if you want to move on. That's all I have for the questions. You can move on to the next panel.

The Chair: Thanks, Mr. Bains.

Minister, thanks for joining us.

We'll excuse the minister and welcome Mr. Page. We'll continue with Ms. Block for five minutes once we excuse the minister and get Mr. Page to join us.

Go ahead, Ms. Block, for five minutes, please.

Mrs. Kelly Block: Thank you very much, Mr. Chair.

I want to circle back to the questions that I was asking around the departmental results reports. At our last meeting with the President of the Treasury Board, we were told that the departmental results had not been released for one of two reasons, and she gave the reasons that either they had been submitted in the wrong format, even though the departments were provided with a template six months ago and there was a deadline date of November 3, or they had not been submitted yet.

You confirmed that your DRR was submitted on time. Do you have any explanation for why your DRR has not been made public yet?

Mr. Wojo Zielonka: I think they're trying to consolidate all of them. However, I can give this committee assurance that we sub-

mitted ours on the deadline and we used the prescribed format, so I believe ours should be fairly straightforward.

I know that they go through a rigorous process of quality control. I think sometimes there are challenges because we submit it in both official languages, and sometimes there's a mismatch. There are sometimes little errors. I think they do that scrubbing, and that's probably part of why it's taking them a little longer.

Obviously, there are a lot of departments and organizations that are submitting, so that may be part of the challenge.

Mrs. Kelly Block: Thank you very much.

That was what I was hoping you would confirm, that you actually had used the format that was recommended for you to use.

I want to follow up on some of the questions that my colleague, Ms. Kusie, was asking in regard to the Phoenix pay system. I continue to hear from not only constituents in my riding but from my colleagues from all across the country that they continue to have concerns raised with them about the Phoenix pay system.

My colleague mentioned that there were \$500 million in overpayments. I thought I maybe was exaggerating that number but I'm not. There are \$500 million in overpayments. In that same article it also noted that, according to public accounts documents, the federal government paid \$125 million in Phoenix-related damages to approximately 143,000 people during the 2021-22 fiscal year, and that in the previous fiscal year the federal government paid \$400 million in damages to approximately 324,000 individuals.

We're looking at half a billion dollars paid out in damages as a result of what I would call the mismanagement of the Phoenix pay system. It has also been reported that the public service pay centre had 207,000 transactions beyond the normal workload, which is up from a low of 94,000 in March 2021. That's up in October from March 2021.

Can we expect to see another huge amount of Canadian taxpayers' money being paid in damages for the mismanagement of the Phoenix pay system?

• (1635)

Mr. Paul Thompson: The numbers that the member quoted were correct in terms of the backlog. In terms of overpayments, we have now collected over 80% of the overpayments that have been identified to date and that's an amount over approximately \$2.5 billion in overpayments collected. The remaining 20% that you mentioned is the figure that's in the \$560-million range of work that is continuing to collect overpayments. That work continues.

The responsibility for the work on damages rests with the Treasury Board Secretariat, so I'm not in a position to comment on the work of administering damage claims. That is not managed by PSPC.

With respect to the numbers, I did mention the backlog is indeed much higher than we're comfortable with and where we want it to be. We're on track to see intake this year approximately 21% higher than the previous year. Our output thankfully has gone up about 13%, but obviously it's not enough to keep up with the intake, hence that increase in the backlog that you've seen.

We have a multipronged approach where we've hired over 500 additional staff over the last year. We're going to continue to work on staffing and the smart deployment of the staff so that we have the right skill level on the right type of transaction so that we can optimize the use of staff. We have further opportunities for automation, so it's a human effort as well as a management and innovation effort.

The Chair: Thank you.

Mr. Housefather, you have five minutes, please.

Mr. Anthony Housefather (Mount Royal, Lib.): Thanks. I'm going to be sharing with Mr. Kusmierczyk.

Mr. Thompson, I wanted to clarify just a couple of things if that's okay. The issue of the mobile health units was raised multiple times and, as I understand, near the beginning of the pandemic there was a real fear that our hospitals would not be able to maintain capacity. The United States, in New York, was bringing up ships and there were governments across.... I know that deputy ministers sat together. There were different departments across government to work on COVID, and one of the things that came from the provinces, Health Canada and everywhere else was that we needed to find a way to meet surge capacity.

As I understand it, it wasn't one contract: SNC-Lavalin. There were two contracts given, one to Weatherhaven and one to SNC, of which the maximum value could be \$150 million, but that's not necessarily the value that was paid to the company.

Am I correct in saying SNC did not receive a full \$150 million? They received what they actually delivered to us.

Mr. Paul Thompson: That is correct. I believe the payments to date to the SNC-PAE consortium is just over \$82 million for their portion of the mobile health unit contract and then there was a large effort with Weatherhaven, the other contract.

Both of those were identified, as the member noted, through analysis across government and with provinces and territories on the need for the surge capacity, as the member highlighted, and it was done through a competitive tender. These were the two companies that came forward—a consortium in one case—that had demonstrated experience in that area.

Mr. Anthony Housefather: Yes, there is a lot of confusion about sole-sourcing, because it was reported to be sole-sourced, when, I believe—as you said—there was a competitive tender. There was also the idea that we paid \$300 million and \$150 million to each of the companies.

In fact, as I remember, one thing about these field hospitals was that you deliver the field hospital, but you also buy a lot of equipment and medical supplies that could be deployed outside of these field hospitals, as well. You deliver this to the Government of Canada. It's part of what we pay for. Is that correct?

• (1640)

Mr. Paul Thompson: Yes, the MHUs are fully outfitted with the supplies and hard infrastructure to be deployed. The minister noted there were some deployments from the mobile health units, including an oxygen concentrator, which was one of the key pieces of equipment deployed in the Northwest Territories. There have been other uses for some of the supplies as well. These are assets that remain at the disposal of the government for future needs.

Mr. Anthony Housefather: That's perfect.

I also want to come back to some of the original questions asked, because I think it's important to clarify what the role of PSPC is vis-à-vis the role of the client department, when it comes to contracting.

For example, when it comes to the question of.... GC Strategies, the company engaged by CBSA to do the initial design and 70 updates, was paid approximately \$8.8 million, with the understanding that they find the personnel to work on the application. There was an original—I'll call it an umbrella contract—put in place by PSPC, but the client department could then go ahead, within its own framework, under that umbrella agreement, and set up its own purchase order. This seems to be what happened. The vendor was selected by CBSA, not PSPC.

Would I be correct in that?

Mr. Paul Thompson: The client department, in this case CBSA, would make the selection, and PSPC would execute that. It would be executed through the existing supply arrangement that PSPC put in place.

Mr. Anthony Housefather: Exactly, there is a way for client departments to contract below a certain amount, which would then not even come to PSPC, I believe. Over that delegated authority, PSPC would put in place arrangements based on the request of the client department. Once PSPC had done that and executed the contract, the client department would be the one actually placing the purchase orders and knowing exactly what they were buying, and at what times.

Would that essentially be correct?

Mr. Paul Thompson: Yes. I believe CBSA identified a total of 29 contracts, and PSPC was only involved in 21 of them. We can infer that the other eight fell within their own authorities to execute. The others were, as I indicated, a mix: 13 of 21 were competitive, and eight were awarded under these exceptional authorities, drawing upon the pre-qualified list of suppliers.

Mr. Anthony Housefather: Okay, that's perfect. That's why CBSA....

Thank you so much. I'm sorry.

The Chair: You have only five seconds left, and no time to share with Mr. Kusmierczyk.

We now have Mrs. Kusie for five minutes.

Mrs. Stephanie Kusie: Thank you very much, Mr. Chair.

Thank you very much, officials, for staying here for the remaining hour.

I have a question. In the supplementary estimates, the Department of Public Works and Government Services is asking for just over \$17 million for an e-procurement solution. Given my earlier questions about Phoenix, I would be interested in knowing what those funds are going towards, please. That's \$17 million for the e-procurement solution.

Mr. Paul Thompson: I'm happy to speak to that.

The minister mentioned, in her opening remarks, the e-procurement initiative. It has a total budget of about \$240 million. Earlier, in the month of September, we went live with the CanadaBuys site, which is the client-facing portal. There are some back-office capabilities, as well. This is aimed at making the procurement experience much easier and less frustrating, particularly for small and medium-sized enterprises. It will give the government much better access to data, and it will allow suppliers to self-identify when they are members of equity-seeking organizations.

We are pleased with the progress. We have over 20,000 suppliers already registered on the site, and over \$1 billion in contracts has been registered, so the program is meeting its key milestones.

Mrs. Stephanie Kusie: Over 20,000 have applied.

Mr. Paul Thompson: Yes. Twenty thousand vendors have registered on the site.

• (1645)

Mrs. Stephanie Kusie: I'm going to switch gears now. The minister mentioned the trend we're seeing after the pandemic towards more virtual working. In supplementary estimates (B), we're told that PSPC is the general manager for office space. We heard some allusions to this on Monday from Minister Fortier and from the minister today as well.

I'm wondering if you can provide for the committee more of a long-term plan on what you will do with vacant office spaces in light of the new hybrid work model. What's that looking like in terms of an evaluation of the unused space? How might your department, being responsible, determine a process to determine what will still be needed? What will be retained within the inventory of buildings and what might not be retained?

Mr. Paul Thompson: Thank you for the question.

This is an active area for us right now, obviously, with a very changed set of circumstances. I would note that, prior to the pandemic, we had done some work to identify some significant opportunities to really optimize our office portfolio. There were estimates that 40% of our office portfolio was surplus to our needs at that time, and you can imagine that with hybrid work layered on top of that, we have even more opportunity to shift our portfolio.

We are looking at a more aggressive strategy for consolidating our real property, with a focus on our core Crown-owned assets. We

think there's an opportunity to terminate some leases for lesser-used buildings and focus on some Crown-owned and make them accessible, green and better suited to hybrid work. We think we can achieve at least a 50% reduction—not a 40% reduction—and do that over an accelerated time period. That's the essence of the strategy we're working on right now.

Mrs. Stephanie Kusie: Okay. That's interesting.

Would that be like a 50% reduction in space itself or in asset portfolio, would you say?

Mr. Paul Thompson: I'm thinking largely about square metres, basically.

Mrs. Stephanie Kusie: Okay. Do you know currently how much it costs to maintain and operate all the government buildings in the national capital region? I brought up this question on Monday, and I thought you might be able to provide more insight.

Mr. Paul Thompson: Yes. I think the overall building portfolio is at \$2.5 billion, and about \$1.1 billion of that is related to the national capital region.

Mrs. Stephanie Kusie: That's interesting. That's \$2.5 billion total, and what was related to the NCR, please?

Mr. Paul Thompson: It's approximately \$1.1 billion.

Mrs. Stephanie Kusie: That's actually less than I thought.

How do you track vacancy levels for office space in the NCR?

The Chair: Please give a brief answer.

Mr. Paul Thompson: There is no consolidated dataset for doing that, so we rely on a range of different instruments from department to department. The departments have responsibility for the occupancy of the buildings, so we would work with individual departments, whether it's through swipe cards or other mechanisms, to track the attendance or the use of the buildings.

Mrs. Stephanie Kusie: Thank you very much, Mr. Thompson.

Thank you, Mr. Chair.

The Chair: Thank you very much.

Mr. Kusmierczyk, you have five minutes.

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

During COVID, we had a number of companies in my riding of Windsor—Tecumseh, such as Windsor Mold and Harbour Technologies, that pivoted and provided PPE and other products to the Canadian government to keep Canadians safe. I've heard from a lot of companies that the CanadaBuys website has been very successful in many ways.

Do you see ways that CanadaBuys could still be improved? Is this pretty much the best that the website is going to get or is there room for improvement?

Mr. Paul Thompson: Thank you for the question.

I would say there's still lots of room for improvement. In fact, we've introduced this with a very open door for feedback from clients and users, and we want to continue to refine it.

We want to do a lot more outreach as well. We think there are a lot more than 20,000 vendors out there who ought to be registered, so we're doing active outreach and looking at continued refinement to making the client journey even easier so that they can register with greater ease.

Mr. Irek Kusmierczyk: Can you tell us a bit about what you're hearing from some of those stakeholder engagements? Is there an issue that keeps coming up over and over or a common theme that you hear?

• (1650)

Mr. Paul Thompson: There is a range of issues. Some are just the general digital experiences that you have on multiple clicks and navigating through multiple sites. We're dealing with those sorts of issues.

There was an ability for Canadians, generally, to look at documents that can only be seen now if you register as a vendor. That's come up as another issue. There are Canadians out there who may have wanted to view procurement documents, but now they... That's just another example of some feedback that we've heard.

Mr. Irek Kusmierczyk: That's terrific, and it's wonderful to hear that this is an iterative process, an ongoing process of getting feedback and improving that website.

I'll switch gears to the greening government initiative, which is something that I'm interested in. In Windsor, we produce the Chrysler Pacifica Hybrid minivan, so I want to ask you this: Will we see more Pacificas in the federal fleet? I would like to better understand what the role of PSPC is in that process in terms of determining what types of vehicles are being procured. Is it the client department that says, "We want Chrysler Pacificas", or do you have a hand in determining what that process looks like?

Mr. Paul Thompson: It's a bit of a blended process. It's the responsibility of PSPC to develop, essentially, the standing offer, and we would have qualifying vehicles on that list. It's essentially a menu of vehicles from which a client department could choose. That list is refreshed on an annual basis. I believe there was a refresh rather recently. I don't know offhand whether the vehicle you're mentioning is on it, but that's information....

Mr. Irek Kusmierczyk: Okay, I got you.

We've heard, for example, on the U.S. side, President Biden talk about greening their fleet, making sure all of their fleet is zero-

emissions vehicles, EVs and hybrids, by a certain date. He mentioned, as well, that they would be "made in the United States" vehicles too. Is there an opportunity, for example, to have a made-in-Canada provision built into the procurement policies under the greening government initiative?

Mr. Paul Thompson: This is certainly an interesting area of pursuit. I would say that one of the challenges we have right now is simply the supply chain. We're having a great deal of difficulty getting anywhere close to the number of battery electric vehicles, for example, that we would procure on an annual basis. For the time being, the priority would just be to get our hands on qualifying electric vehicles. Then we can work to meet some of those broader considerations.

Mr. Irek Kusmierczyk: Terrific.

I'll switch gears once again to diversity procurement, which is a subject that we're going to be studying here at committee. I just want to ask you where our government has made improvements. What parts of the diversity procurement initiative have worked? I just want to ask you those questions. We'll start with those.

Mr. Paul Thompson: I would note three tracks of work. One is the work on outreach that we do through Procurement Assistance Canada. That team in PSPC, for example, last year did 1,700 outreaches, and about half of that number were for equity-seeking suppliers. We have a deliberate focus on the diversity side of our outreach.

The second track would be on simplification, including the e-procurement solution that I mentioned, which is much easier. We're getting very good feedback from suppliers on that, including diversity suppliers, who can self-identify on the site as a diverse supplier for the government, which helps us with identifying for contracting.

The Chair: Thank you, Mr. Thompson.

Mr. Paul Thompson: Lastly—

The Chair: I'm afraid you're out of time. We've gone over.

Ms. Thompson, we're going to you, please, next.

Ms. Joanne Thompson: Thank you.

I have a couple of questions. The first is on defence procurement. We have an ongoing study on your defence procurement with regard to the NSS, and certainly there have been hurdles to procuring equipment in Canada over the past 10 years. How has this new procurement improved this process?

Mr. Paul Thompson: Since I've been joined at the table by Simon Page, I think I will maybe allow him to answer this question.

Mr. Simon Page (Assistant Deputy Minister, Defence and Marine Procurement, Department of Public Works and Government Services): If I could just clarify the new procurement question I just want to make sure that I'm specifically addressing the question here. I know it's with respect to the NSS, but I just want to clarify what is meant by the "new procurement" mechanism.

• (1655)

Ms. Joanne Thompson: It's anything that's been put in place through the last number of years that's really tied to assist in how we move procurement forward with process and transparency. Are there any general comments you'd like to contribute to the committee?

Mr. Simon Page: The NSS remains a very complex endeavour. It's a multipronged approach within the NSS. It has three pillars and multiple strategic objectives.

The three pillars are the large ship construction; the smaller ship construction, those less than 1,000 tonnes; and then the refit and maintenance pillar. Across all of these pillars there are different mechanisms and initiatives to improve the way we build and procure ships and even how we design ships and work with the shipyards.

I will outline three pieces that we're specifically working on with the shipyards and within our own governance in Canada.

The first one would be a more sophisticated approach to controlling schedules, costs and scope. That's the earned value management mechanism that we have been using, mainly with the large shipyards and the NSS strategic partners to build large vessels. It's also being used in the refit and maintenance pillar with other shipyards across Canada.

The second one I'll mention is a more elaborate approach with risk management. We dive into risk management at project, program and strategy levels. We do that with the shipyards. We also do that within Canada with our own governance at the ADM level, deputy minister level and with central agencies in the audience, really bringing a comprehensive picture of all of the risks that exist in the NSS.

The last one that I will mention is governance, which I just touched on a little bit. We always strive to improve our governance. I find the governance is pretty tight, but there's always room for improvement. We have introduced, over the course of the NSS, specific executive governance committee meetings with the large shipyards and also for specific projects such as the ferry building project with Transport Canada and Chantier Davie. We have governance at the Government of Canada level and with the shipyards at the project and program level.

Thank you.

Ms. Joanne Thompson: Thank you.

I open this question on a slightly different thread to any of the officials who would like to answer. It relates to gender-based analysis in procurement. Could you talk about what you're doing to support inclusive procurement initiatives? Again, it's for whoever would like to step forward.

Mr. Paul Thompson: I would again point to the work we're doing through Procurement Assistance Canada outreach. We have strong relationships with women business coalitions. That is certainly an area of focus on the outreach.

We try to link up with other government programs, for example, the women entrepreneurship strategy that our colleagues at Innovation, Science and Economic Development have. We work with the regional development agencies so that the business development programs and investments can align with some of the procurement opportunities. We're trying to join up the efforts in that regard.

Those are some of the comments that I would make on that.

Ms. Joanne Thompson: Thank you.

I may have a few minutes left until I'm told that's it.

Mr. Thompson, I'd like a moment of your thoughts on coming out of the pandemic, which created tremendous stress in all of the departments, particularly procurement, and the initiatives you put in place across all files within the department. Are there general comments on the work that highlights for you the processes and the strengthening of processes as we continue within a hybrid world with the multiple challenges that seem to come both globally and health-wise in Canada?

The Chair: I'm afraid Mr. Thompson is looking at me. He realizes there's no time. He seems to be signalling that he will get back to committee on that.

We have Ms. Vignola, please, for two and a half minutes.

[*Translation*]

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

Mr. Page, thank you for being here.

I imagine you can guess what I am going to ask you. I want to talk about the framework agreement for the third partner in the national strategy.

I do not want to know the details. I would simply like to know if an agreement is close to being signed. If so, can we expect it to be signed by the end of 2022 or rather in 2023?

• (1700)

Mr. Simon Page: Discussions on the framework agreement are proceeding very well. We are in negotiations. We received all the information from Davie Shipbuilding last spring, in about April 2022. This summer, in early July, we indicated that its bid met the standards. Since then, we have been in negotiations. They are highly complex, because there are complex aspects to be managed and discussed. I would say the negotiations are about 95% complete. The government certainly hopes to complete everything in the coming weeks.

Mrs. Julie Vignola: I'm really happy for the Davie workers.

Mr. Perron, my next question is for you.

In the appropriations to be passed, there are funds of just over \$18 million to cover the costs of providing basic information technology services. This is in addition to some \$25 million already provided.

First, I would like to know what is meant by basic information technology services. Maybe I'm repeating myself, but I hope not.

Secondly, what makes it so unpredictable that we have to ask for more money in a supplementary budget?

Mr. Sony Perron: In fact, these are the licences that one has to pay for so that each of the employees can have access to basic telecommunication tools, such as emails or Teams.

What is unpredictable is that each federal department is going to have new programs and new activities and is going to seek budgets for that. In this context, departments will determine whether they need more full-time equivalents or more person-years. Part of the financial demand will then include the cost of providing these services.

When you offer a licence, you have to pay a supplier. That's the model. That's the only way to do it.

Maybe one day I'll be told that we have to return money because we won't need to cover the cost of these licences. Then there might be a reduction—

[*English*]

The Chair: Mr. Perron, I'm afraid we've gone over time already.

Thank you. Maybe you can finish your reply to the committee in writing.

Mr. Johns, you have two and a half minutes, please.

Mr. Gord Johns: Your department's mandate letter includes working with the Minister of Intergovernmental Affairs, Infrastructure and Communities and the Minister of Natural Resources to “introduce a new Buy Clean Strategy to support and prioritize the use of made-in-Canada low-carbon products in Canadian infrastructure projects.”

However, PSPC's most recent departmental plan makes no mention of a buy clean strategy. Despite broad support from industry, labour and the environmental community for a buy clean strategy, it seems little progress is actually being made on this front.

The supplementary estimates (B) do propose to transfer \$235,000 from the National Research Council to the Treasury Board to support the implementation of a buy clean secretariat for federal procurement. However, I'm not aware of any timeline for an actual strategy to be introduced.

Can you explain if PSPC is actually working on the development of a buy clean strategy and when this might be introduced?

Mr. Paul Thompson: Thank you for the question.

We are indeed actively working on a buy clean strategy. We're not idle in the meantime. Lots of activity is happening in green procurement and in waste diversion. A new cement standard has been introduced into our procurement of building materials, for example.

The mandate letter called for the overall strategy over the course of the mandate. I don't have more specific timing on when the strategy would be released, but there's active work on it at present.

Mr. Gord Johns: Okay.

The Public Health Agency of Canada is requesting \$50 million to stabilize core capacities for the national emergency strategic stockpile. Ongoing medication shortages—not just of fever medications but basic antibiotics like amoxicillin—are a serious concern for Canadians.

Will PSPC be involved with work around the strategic stockpile? If so, how will it encourage the domestic manufacturing of essential pharmaceuticals?

• (1705)

The Chair: Give a fast answer, please.

Mr. Paul Thompson: I would just say that we're actively engaged with partners on the biomanufacturing strategy. There are partnerships, such where Novavax has partnered with the biologics manufacturing facility in Montreal. That's one example and we'll continue to look for such opportunities.

Mr. Gord Johns: Thank you.

The Chair: Thanks, Mr. Johns.

That's our time. We are pretty much done for the day, but I want to use the chair's prerogative to ask a couple questions, if I may.

Mr. Page, regarding the CC-295, the Kingfisher, could you very briefly run us through your role, PSPC's role, with that? The committee had asked for documents regarding the Kingfisher from PSPC and received a reply that zero documents existed in your department on that. Can you let us know who this committee should be calling to discuss the ongoing development production problems of the Kingfisher, please?

Mr. Simon Page: Thank you for the question.

With respect to the fixed-wings, our CC-295 Kingfisher project is progressing. We have accepted 14 aircraft out of 16. We are accepting these aircraft now in Spain. That's the base aircraft.

The Chair: When you say “we”, who is we?

Mr. Simon Page: “We” would be your defence procurement team, so a combination of the Department of National Defence—a client department in this case—ISED Canada and PSPC. When I speak about the defence procurement strategy governance, those are the three departments at the table.

The Chair: There are lots of reported deficiencies and performance issues. There have been comments that they may not be certified to fly in Canada. Again, who should this committee be asking to appear before it to discuss these issues and bring them forward to Canadians, so we have proper transparency and answers to end our going around in circles on this issue?

Mr. Simon Page: The project's technical authority resides in the Department of National Defence. To your previous question, Mr.

Chair, about our responsibility in PSPC, we are the contracting authority for the project.

The Chair: Which role in DND should be attending, then?

Mr. Simon Page: The ADM of the materiel group is the technical authority for the project. I think the Royal Canadian Air Force should not be too far behind. The process right now includes a lot of certifying and a lot of qualification with the new aircraft, and obviously, the RCAF is quite involved with that. Their pilots are involved, and some training regimes are in place now.

The Chair: I'm going to call time on myself, because that's five minutes.

Thank you very much.

Unless there's anything else, we are adjourned.

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