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# Standing Committee on Public Accounts

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Chair: Mr. John Williamson





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• (1530)

[Translation]

**The Chair (Mr. John Williamson (New Brunswick South-west, CPC)):** I now call this meeting to order.

Good afternoon, everyone. Welcome to meeting number 129 of the House of Commons Standing Committee on Public Accounts.

[English]

Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders. Members are attending in person in the room and remotely using the Zoom application.

I'd like to ask all members and other in-person participants to consult the cards on the table for guidelines to prevent audio feedback incidents.

As a reminder to those using the earpiece, keep the earpiece away from the microphones at all times. When you're not using your earpiece, please place it face down on the sticker on the table for this purpose. It's usually to your right, but occasionally the sticker is on the left.

[Translation]

Pursuant to Standing Order 108(3)(g), the committee is resuming its consideration of the 2024 report 2 of the Auditor General of Canada, "Housing in First Nations Communities", referred to the committee on Tuesday, March 19, 2024.

[English]

I'd now like to welcome our witnesses.

We have with us the Honourable Patty Hajdu, PC, MP and Minister of Indigenous Services. It's nice to see you again, Minister.

We also have with us several officials from the Department of Indigenous Services: Gina Wilson, deputy minister; Paula Hadden-Jokiel, assistant deputy minister; Tom Wong, chief medical officer, chief science officer and director general; and Nelson Barbosa, director general, regional operations.

Minister, you will have five minutes for your opening remarks, after which we'll proceed to our round of questioning.

It's over to you, please.

**Hon. Patty Hajdu (Minister of Indigenous Services):** Thank you very much, Mr. Chair.

Thank you very much, everyone, for the opportunity to come here with my officials to talk about what I think is a very important conversation, which is housing on first nations communities.

I'd first like to thank the Algonquin Anishinabe for allowing us to gather on this traditional and unceded territory.

This report of the Auditor General's, I think, underscores the importance of continuing to work with first nations in addressing the socio-economic gaps. This issue of housing, as you would know, Mr. Chair, isn't a recent issue. It's the product of decades of underfunding and a colonial system designed to exclude indigenous peoples from lands and from the economy. Therefore, it does take time to rectify and create the systemic changes that are needed to ensure that every first nations person has a safe place to rest their head, that communities have the autonomy they need to proceed in ways that make sense to them, and that their houses are able to host children and have families reach their full potential.

As we continue this work together to repair the deep harms of ongoing colonialism and to implement the Auditor General's recommendations, I'd like to make the point very clear that the issues pointed out in the report can be resolved only through the work of true partnership with indigenous people and the full self-determination of first nations. These are things that the federal government for a very long time has actually worked to undermine. That's why this government has been working hand in hand with first nations to close the housing gap referenced in the Auditor General's report, which the Assembly of First Nations estimated at \$44 billion in 2021.

I thank the AFN for its important work in quantifying the gap and providing us with a starting point. We've used this gap analysis to inform our path forward. Together with the AFN, the Canada Mortgage and Housing Corporation and first nations across Canada, we've co-developed the national first nations housing and related infrastructure strategy, which provides us with a path forward to transferring the control and management of housing to first nations.

I see the job of the Indigenous Services minister and the Government of Canada as one that makes sure that communities have the support they need to do the work outlined in this strategy. I can say that last year, Indigenous Services Canada spent a historic amount on infrastructure. In fact, it was the most the department had ever spent, and we're on track to spend even more. Budget 2024 recently proposed \$426 million over five years for first nations housing and related infrastructure on reserve, starting this year, on top of the amounts that are already allocated.

The work that we're undertaking is not just about numbers and increased investments. It's about the capacity building to support self-determination and continued work to transfer the care and control of housing to first nations, because, as I've said, they know best how to meet their housing needs.

For example, since 2020, Indigenous Services Canada has provided over \$3 million to the First Nations Housing Professionals Association. This money is training community members on project management, construction planning, tenant relations, and renovation and repair coordination. They've certified 48 housing professionals. There are an additional 151 people in training. This will build housing capacity in first nations communities across the country.

Another example is in my own hometown of Thunder Bay, where Indigenous Services Canada supports the indigenous skilled trades training program in its partnership with Hammarskjold High School, where students learn construction skills and build tiny homes that are then donated to Matawa First Nations.

I had an opportunity to visit Hammarskjold and meet with some of the students involved in that project. In fact, one of those students is now on my youth council. It's truly an inspirational project. This program not only helps students build new skills but also connects them to a career in the skilled trades, which is something that, as many of us know from other committees and work, we desperately need.

We're also supporting the transfer of housing and infrastructure services at a pace that is set by first nations-led organizations. For example, the Confederacy of Mainland Mi'kmaq signed a framework agreement with Indigenous Services Canada in October 2023 to assume control of the design, management, provision and delivery of their housing and infrastructure programs.

I believe, Mr. Chair, that this is the path we need to maintain. In the spirit of reconciliation, the time has passed when the Government of Canada tells first nations what to do. Rather, it works with first nations communities not only to build homes, but to build the capacity and transfer services to help communities move on to other economic development opportunities that can meet the needs of their growing populations.

• (1535)

Thank you for having me today, Mr. Chair.

I'm very happy to take your questions.

**The Chair:** Thank you very much, Minister.

We will begin our first round. The first four members will have six minutes each.

Mr. Melillo, you have the floor for six minutes, please.

**Mr. Eric Melillo (Kenora, CPC):** Thank you very much, Mr. Chair.

Minister, I want to thank you for being here. I know that you've made yourself available for a number of committee discussions in recent weeks, at various committees. I do sincerely appreciate your making that time.

I had the opportunity to question you about this report earlier this year, Minister. I asked if you accepted the report, and your response was that you accept all the recommendations. I do think that's a good thing; however, there is a difference between accepting the recommendations and accepting the report in its entirety. Of course, the report highlights that your government has no plan to reach its housing goals and that the state of housing on first nations has not improved since 2015.

I'd like to offer you the opportunity to answer again and to confirm whether or not you accept the entirety of this report as an accurate representation of the state of first nations housing.

**Hon. Patty Hajdu:** We do accept the report. In fact, although we continue to speak with the Auditor General about, for example, our current allocation methodologies and exploring changes with communities, we agree that the situation for first nations in regard to housing needs to change. We think the Auditor General has given us valuable advice.

Certainly, I am happy to turn to Mr. Barbosa if he wants to add anything about his conversations with the Auditor General.

**Mr. Eric Melillo:** I apologize, Mr. Barbosa. I have limited time, and I want to ask another question.

You did answer my question adequately, Minister. You said that you accept the recommendations and agree that things need to change. Unfortunately, it's been your government that has had the power to make that change for the last nine years. Of course, as the Minister of Indigenous Services, the buck stops with you currently.

Earlier this week I had the opportunity to ask Chief Lance Haymond about what this report means in reality for the first nations he works with. He noted that CMHC is going to build 30 units for 43 communities in Quebec this fiscal year. I believe that's less than three-quarters of a unit per community.

Would you agree, Minister, that this is unacceptable?

**Hon. Patty Hajdu:** I'm glad you mentioned Chief Haymond. It was great to have him at our economic round table just the other day, the one that was hosted by the Bank of Canada. In fact, as you know, he is also working with an organization called Yānonhchia'. Our department is working closely with Chief Haymond on how to accelerate that work around home ownership.

I will say that I think the context of Mr. Haymond's—

• (1540)

**Mr. Eric Melillo:** Would you agree that the level is unacceptable?

**Hon. Patty Hajdu:** I'm sorry, Mr. Chair. Do I have the floor?

**Mr. Eric Melillo:** I just want to clarify, Minister.

**Hon. Patty Hajdu:** Mr. Chair, do I have the floor?

**The Chair:** I've stopped the clock.

Minister, there is some give-and-take here on the floor. This is not like question period, where you're assigned a slot. The time belongs to the members. Previously, you heard Mr. Melillo, after you answered the question, want to move on. He did that. He is entitled to interrupt, if he does so politely, and I would ask that you respect that. The time is the member's, not the witness's.

Mr. Melillo, you have the floor.

**Mr. Eric Melillo:** Thank you, Mr. Chair.

With respect to the minister, I believe I asked a pretty straightforward question about whether or not she believes 30 units for 43 communities is acceptable. I'd like to give her the opportunity to respond.

**Hon. Patty Hajdu:** I would say that the CMHC is not the only partner in supporting first nations housing.

**Mr. Eric Melillo:** Again, though, as a direct question, do you believe that is an acceptable level of housing or not?

**Hon. Patty Hajdu:** I can't speak to the CMHC manner of apportioning support and funding. That is not the portfolio I hold. What I can say is that every department that has a responsibility for housing is part of the solution to closing the gap.

**Mr. Eric Melillo:** Okay. Thank you, Minister. I'll move on.

The Auditor General also finds in the report that there were not adequate assurances that homes built on first nations were meeting applicable building code standards in the jurisdiction that the first nation is in. I think that's a very important aspect of this. It's one thing to have houses, but they have to be adequate. They have to be safe. A failure to comply with building codes puts first nations lives at risk.

Minister, again, do you believe this is acceptable? Why have you allowed this to happen under your watch?

**Hon. Patty Hajdu:** I will say that all federally funded housing on reserve must meet or beat the national building code and must demonstrate compliance as a condition for that funding, but I will also say that I am encouraged by your line of questioning, that you will support any additional investments and not vote against them again.

**Mr. Eric Melillo:** I just want to clarify on that. Minister, you just said that all the federally funded housing must meet the applicable building codes, but the Auditor General has found that this is not the case. Why isn't that happening?

**Hon. Patty Hajdu:** Federally funded housing must meet or beat the national building code. I would hope that you understand that—

**Mr. Eric Melillo:** It's not happening, though.

**Hon. Patty Hajdu:** —in order to meet the national building code, quality materials must be used and first nations must have the supports they need to maintain those buildings and keep them up to code.

I would look forward to your vote in favour of any additional spending in first nations housing.

**Mr. Eric Melillo:** I understand all that, but, Minister, it's not happening. Why?

**Hon. Patty Hajdu:** I will say again that funding dedicated to first nations housing on first nations must meet or beat the code.

As I mentioned, we are working to support first nations to ensure that housing complies with the code. I look forward to your support in additional investments to make that possible.

**Mr. Eric Melillo:** Thank you, Minister.

Obviously, we have this report before us on housing, which highlights that no progress has been made and there's no plan to address those housing gaps on first nations. We know that your government has dragged its feet on addressing first nations policing, which is another very important issue. The list goes on and on and on.

We've seen PBO reports showing that there's been more spending but not an equal level of ISC's ability to achieve its targets from that spending. However, with all of this failure, frankly, your department has handed out \$3.6 million in bonuses to 94% of ISC's executive staff in the 2022-23 fiscal year and over \$4 million to 98% of staff in the following fiscal year.

Why are you rewarding staff for this failure?

**Hon. Patty Hajdu:** Let me also remind you what the Auditor General noted: The ongoing and historic lack of investment, particularly in the decade before 2015, meant that not only were we not staunching the decline in housing on first nations, but, in fact, the gap was growing.

When we were elected, we increased funding by 185% for first nations housing and 1,100% overall for infrastructure. That speaks to the lack of attention that the previous Conservative government had for first nations people.

In fact, I encourage you, Mr. Melillo—

**Mr. Eric Melillo:** You've had nine years, Minister.

**The Chair:** That is the time.

I'm going to turn now to Ms. Shanahan.

You have the floor for six minutes.

**Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.):** Thank you very much, Chair.

I thank the minister for being here with us on this very important topic, because, indeed, it is a long-standing problem.

We heard testimony the other day, going back to the early 2000s, about the structural problems in addressing housing needs on and off first nations reserves and also the chronic lack of funding, which I know our government has tried to address. It's not just one-size-fits-all, from what I'm gathering from the testimony that we're hearing.

This is the fourth OAG report on first nations housing calling for serious, systemic changes to the Government of Canada's supports and programs. It's clear that our existing systems have led us to this unacceptable housing gap.

We've heard a lot of allegations thrown around in this committee about who is to blame for allowing this to happen. I'd like to hear your perspective on how we reached this point.

• (1545)

**Hon. Patty Hajdu:** Thank you very much, Mrs. Shanahan, for your advocacy.

I will say this: The lack of infrastructure in first nations is a result of a colonial country that has failed to live up to its obligations—treaty or otherwise—to first nations people. There is a willfulness to doing that. Our government, under the leadership of Prime Minister Justin Trudeau, decided we would tackle reconciliation in a real and sincere way.

In fact, compare that to the previous prime minister, Stephen Harper, who said that an inquiry into missing and murdered indigenous women was not on his radar. Compare that to MP Waugh, who said, when I introduced water legislation in the House a couple of months ago, that first nations people just burn down their water treatment plants anyway, so they themselves are to blame. These are the kinds of comments that indicate a colonial attitude—that the Government of Canada is wasting its money, quite frankly, in first nations, and that they don't deserve it.

You'll note that the Conservatives never ask a question in the House of Commons about indigenous priorities. When was the last time we heard a Conservative get up and ask about why there isn't more housing in first nations, why a particular boil water advisory hasn't been lifted or why there aren't better supports for first nations education? Those are all reasonable questions. I want to thank the NDP and the Bloc for asking questions about indigenous people. This is important, because it keeps it on the radar of Canadians. Canadians ultimately elect us. If they don't know what the problem is because their members of Parliament are not visiting communities in their own ridings, have never met those communities and don't know those people, it's very hard for them to do their job.

When a prime minister says reconciliation will be at the core of what we do, the hard work begins. That's exactly what's happened

with this file. You know, since 2016, we've invested over \$10 billion to support indigenous housing projects. In budget 2024, 25% of the new spend is on indigenous priorities. That's continued progress. Can we fix a system of colonialism in nine years? I don't believe we can. However, if you speak to many first nations people, they will say that things are better than they were, though we have a long way to go.

I would agree with that.

**Mrs. Brenda Shanahan:** Well, I thank you for that.

My own riding borders Kahnawake. What was unthinkable, I would say, 10, 20 or 30 years ago is happening now. We have joint partnerships between community organizations in Châteauguay and community organizations in Kahnawake for supportive housing, for example, and youth in transition. This has been a game-changer in our relationship.

I really believe we need to start today. Today is the first day of making change.

We heard some very interesting testimony from Regional Chief Brendan Mitchell, who spoke about the collaboration between the AFN and Indigenous Services Canada to quantify the housing and infrastructure gap. I put the emphasis on “infrastructure”, because I think that's where things need to start.

Why was it important for the Government of Canada to be part of this report?

**Hon. Patty Hajdu:** It's important because, oftentimes, first nations organizations like the AFN may not have the fiscal or technical resources to quantify a gap like that. In fact, the Government of Canada—despite how difficult it is for many Canadians and, indeed, governments and members of Parliament to hear—believes we can't close a gap if we don't know the size of it. It is a commitment to first nations, quite frankly, to support that research, work with partners, provide funding to partners and do indigenous-led research on, in this case, the size of the infrastructure gap, so more communities like Châteauguay and Kahnawake can say, “This is all of our problem.”

I'm so glad you brought up your community and the work of reconciliation that happens at the municipal level. I have a similar story with Marathon and Biigtigong in Thunder Bay—Superior North. These are two northern communities that have worked together to develop a relationship. Friendships have become regular and routine. I go to wing night at the Legion, and there are many members of Biigtigong enjoying wings and beer with other members of Marathon. They have joint economic activities. They built a supportive living centre together. They are working on many exciting endeavours together. That happens through relationships. Biigtigong and Marathon—and I suspect Châteauguay and Kahnawake—are realizing that there's an economic advantage to reconciliation.

Listen, it is extremely expensive to keep people in poverty. When we start to realize that we're each other's people and come together in ways that are at all levels of government—as you just pointed out—there is such opportunity, not just in terms of better relationships and better outcomes for indigenous and non-indigenous people, but also for a better economy in Canada.

• (1550)

**The Chair:** Thank you, Minister. That is the time.

[Translation]

Ms. Sinclair-Desgagné, you now have the floor for six minutes.

**Ms. Nathalie Sinclair-Desgagné (Terrebonne, BQ):** Thank you, Mr. Chair.

Good afternoon, Madam Minister. Thank you for agreeing to appear before the committee again.

There is no denying that the committee has heard the figures often, and I don't want to go over them again. The Auditor General's report is very alarming when it comes to new housing construction. Everyone agrees on that, and you have accepted the recommendations in the report. Very little new housing has been built compared with what is needed. In addition, very few of the units that need major repairs have been renovated.

In your opening remarks you mentioned that, 150 years after confederation, you had finally arrived at the conclusion that the federal government should withdraw from indigenous issues as much as possible. I think that's a very good thing. However, one of the major obstacles to building indigenous housing and the development of first nations is found in the elements of the Indian Act.

I know this falls under the Department of Indigenous Services Canada and the Department of Crown-Indigenous Relations and Northern Affairs but, as minister, what are you doing to at least reduce the obstacles? You said you should withdraw from indigenous issues as much as possible and allow indigenous people to manage themselves.

**Hon. Patty Hajdu:** Thank you for the question.

[English]

Let's be clear. I think there is always going to be a role for the federal government to honour the treaties. I'm not sure if it's the translation, but “withdraw” may not be the exact translation that you mean.

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** We're not going to start criticizing the interpreters. I just want you to answer my question.

[English]

**Hon. Patty Hajdu:** No, I'm not criticizing the interpreter. I'm just saying that the word “withdraw”.... I assume that's what you mean. What I would say is that there isn't a withdrawal from treaty. Treaties are actually agreements that are signed until the sun shines...forever, essentially.

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** Madam Minister, my question was very specific and was on the elements that are detrimental to first nations—

[English]

**Hon. Patty Hajdu:** You asked me whether I agree that the government—

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** —in the Indian Act.

[English]

**Hon. Patty Hajdu:** —would withdraw, and I'm telling you that there isn't a concept that we could withdraw from treaty.

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** Mr. Chair—

[English]

**Mr. Larry Brock (Brantford—Brant, CPC):** I have a point of order, Mr. Chair.

The minister knows full well—

**The Chair:** Mr. Brock, this is not your time. Madame Sinclair-Desgagné is able to defend her round. You will have an opportunity to ask questions of the minister, but it is not now.

[Translation]

Ms. Sinclair-Desgagné, you have three minutes and thirty seconds.

**Ms. Nathalie Sinclair-Desgagné:** Mr. Chair, I'd like to remind everyone that we are not here to criticize the interpreters, but to answer members' questions.

Madam Minister, I will say this for the second or third time: a number of elements in the Indian Act—the title alone is horrifying—undermine economic development and new housing construction. For example, it's impossible to get insurance from a bank to build new housing.

What are you doing about this? What is your government doing?

[English]

**Hon. Patty Hajdu:** That is exactly the approach our government has taken. In fact, although it is hated by many first nations people, and many people would like to see the elimination of the Indian Act, there are other first nations people who feel that until those protections—and there are some within the Indian Act—are established in other pieces of law, the act needs to remain and be dismantled piece by piece. Depending on who you speak to, you will hear different perspectives. That is why we've approached inherent rights through other legislation, like the child welfare legislation, which, I will point out, the Government of Quebec fought at the Supreme Court level and, in fact, lost. The federal government supported that legislation all the way through that Supreme Court process, which established an inherent right. Well, I shouldn't say that it established it; it actually restored the inherent right of first nations people to raise their children and families.

• (1555)

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** I see. Thank you.

[English]

**Hon. Patty Hajdu:** That is how we are approaching eliminating the Indian Act.

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** I pointed out an important element: that a bank can't seize a property. This is an obstacle right now with commercial banks. It's a barrier for someone on a reserve who wants to get a loan to insure their home, for example. I'm happy that you spoke about the Yānonhchia' program because the Bloc Québécois is pushing hard for this program.

Will you follow the example of this program and reduce the obstacles that the federal government is creating for first nations?

[English]

**Hon. Patty Hajdu:** The short answer is yes. That's the point behind things like the economic round table that we had just a week or two ago. It was hosted by the Bank of Canada, with attendance by all of the major banks, the First Nations Bank of Canada and the Infrastructure Bank, to talk about the barriers to accessing capital, including for housing, posed by various pieces of legislation but also by internal bank processes themselves. The enthusiasm in that meeting was such that, if I could have tapped that enthusiasm, I would have brought it with me everywhere.

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** Thank you, Madam Minister.

Earlier this week, we heard the former Privy Council clerk and the former deputy minister of Indigenous Affairs tell us that they had such little faith in the current department, that its responsibility to build homes and fund this type of initiative should be withdrawn and instead granted to a new Crown corporation. What do you think about this suggestion?

[English]

**Hon. Patty Hajdu:** Not having heard them, I don't want to speak directly to his comments. I'll answer what I think you're saying.

I would say that the work we're doing right now on infrastructure reform is the appropriate way, and that what the government should be doing is being a good treaty partner and other partner with other agreements to provide financial support, technical support and capacity-building support so that first nations have control over their own infrastructure.

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** Are you going to reform certain parts of the Indian Act, such as the ones I specifically mentioned? I spoke particularly about obstacles related to insurance as well as the title of the act. Can you confirm that there will be important changes to be made to the act during this session? Yes or no?

[English]

**Hon. Patty Hajdu:** Well, I think you can rest assured that we will be working in all of the ways that we can to support the self-determination of first nations people at the speed and in the ways they want. It's why the legislation on first nations clean drinking water is so important, in fact, because that's part of that work: to support first nations with adequacy of funding that's co-developed and that provides a framework to better have control over the water that serves their systems.

[Translation]

**The Chair:** Thank you very much.

[English]

Mr. Desjarlais, you have the floor for six minutes, please.

**Mr. Blake Desjarlais (Edmonton Griesbach, NDP):** Thank you very much, Mr. Chair.

I thank the minister for being present with us today.

I'll take a different approach from what I think is often taken in these kinds of committee meetings and will try to paint a picture, I think, of what has been largely the story or the more modern narrative of our country.

Are you familiar with the traditional stories of many nations—including the area I come from—of shape-shifters?

**Hon. Patty Hajdu:** I am, actually, yes.

**Mr. Blake Desjarlais:** For shape-shifters, you may know that the nature of shape-shifters is the same, but how they appear is different. The things they do are different. How they operate is different. The nature of that being is the same—sometimes for malice and sometimes for benevolence—but the issue with shape-shifting is that it seeks to deceive. It seeks to use the better will of those who would see others and the goodwill they could offer as a benefit to manipulate.

Canada, our country, largely has been a shape-shifter in its approach to indigenous people. As a colonial state, in its 1867 establishment, it sought to bind Canada together with two bands of steel and largely with the force of the North-West Mounted Police, bringing many indigenous nations to their knees and using this objective force to force the creation of reserve systems, to forcefully reserve indigenous people.

It then would shape-shift into a settler colonial state. We notice in our parents' and grandparents' generation this attempt to take away the rights of indigenous people in the pursuit of a more noble idea. They thought they were doing something right with this idea of equalization: "What if we just enfranchise everyone? They will be equalized."

We've also seen the paramount of that work manifested in former prime minister Trudeau's white paper. It was, of course, rejected, and by indigenous people from Alberta in particular. Harold Cardinal brought forward the red paper, which rejected this assimilationist approach to what the government's intent was, even though on one side they told Canadians that what they were doing was good, just like Sir John A. Macdonald said to Canadians when he built residential schools that this was for the good of indigenous people.



I find it very difficult to believe that the state today has changed in its objectives towards indigenous people. It's evidenced by these audits, and there will be no answers that you can give us today to build credibility towards that fact, but I hope in my time in our discussion today to at least have you realize and reflect on the very deeply disturbing nature of the mandate of your ministry and Crown-Indigenous Relations, and the overall principle from the Prime Minister's Office of how they're undertaking reconciliation.

The ideology that's being undertaken sounds great, just like we heard Sir John A. say that the residential schools would be great, and just like we saw Pierre Elliott Trudeau say that the destruction and elimination of indigenous rights was going to be great. We see today the attempt of this government to use the very legitimate claims of indigenous self-determination, the very real—very real—exclamation of their rights to their own lands, to their own people and to their own future, as an excuse in the delay that is being experienced when it comes to material enhancements in community.

You said in your speech that the number one process that will solve this problem takes partnership, and true partnership takes time. Unfortunately, there are people who suffer in the time it is undertaken. Could you comment on who suffers the most when time is often given to the benefit of the government? Who suffers the most?

• (1600)

**Hon. Patty Hajdu:** I think we know who suffers the most. I think it's represented in the kinds of historic compensation that we've seen under our government. You know, there's been the \$20 billion in child welfare compensation and the \$8 billion for lack of access to clean water. The difference is this government is not only no longer hiding from the legacy of the colonialism of this country but is trying to form those better relationships.

Please be assured that I believe, as I was saying in response to MP Shanahan, that the time.... You're right. People suffer; children suffer and families suffer, but I think the time is changing. I think MP Shanahan's example is a good one of the kinds of efforts that can be put forward at all levels of government, including ours, which have to show that leadership and that equity.

**Mr. Blake Desjarlais:** I appreciate that response.

It highlights my next point, which is second to the new kind of colonialism that the state is undertaking today. It's this reconciliation-first model that, on the front of it, especially if you go to the west coast—and I'm sure you have—with their tradition of the transformation mask.... You see a beautiful mask. It's welcoming in some ways, but then when the mask opens and the raven's mouth is bared, you see what it truly is. It's a shockingly disturbing sight.

It's a sight that would use, for example, compensation tools that were largely met because first nations had to force the government to court in order to get that compensation. It's truly disturbing. Many of the agreements—nearly all of the modern agreements your government has signed—are largely liability agreements. They seek to devolve the liability of the federal government for housing, water and the jurisdiction of families to indigenous people.

You mentioned the care and control. That's the part where the care and control piece is very difficult. In the court of law, where

the government loses 99% of its court cases on liability issues, we see the government respond to those liability issues by presenting agreements that, on the face of it, look really good. However, deep down within them, if you read those agreements, it's a transfer of liability, care and control.

When you say care and control, you also mean liability. Is that correct?

**Hon. Patty Hajdu:** There's a lot packed into your statement. Overall, I can understand why first nations people are on a continuum of trust with this federal government, any government or really any space in this country.

I mean, let's talk briefly about racism in health care. Many first nations people don't trust health care systems that were intended to be for all, but which, in fact, indigenous people have been excluded from for decades—since their institution.

I will just say that we have over 150 ten-year agreements that were carefully created by those first nations and signed on behalf of the government and those first nations. We regularly support those first nations in the delivery of services.

I would ask that if you have particular first nations that are not happy with their 10-year agreements, have them reach out to my office.

• (1605)

**Mr. Blake Desjarlais:** Can I clarify the question, Chair? It'll be a yes or no.

**The Chair:** Sure.

**Mr. Blake Desjarlais:** Thank you.

The question is largely in regard to the government's attempt to devolve or seek “care and control” devolution, as it's often been known.

Does that include the liability for those services?

**Hon. Patty Hajdu:** I'm going to turn to Nelson to speak about some of the mechanics of the 10-year agreements.

**Mr. Blake Desjarlais:** Answer just on the liability, please. Who is liable, now that these agreements are signed, for the failure to deliver service?

**Mr. Nelson Barbosa (Director General, Regional Operations, Department of Indigenous Services):** As we've mentioned in this committee before, on the pathway to transfer, there's been one transfer agreement signed. That's the Atlantic First Nations Water Authority, which we spoke to.

**Mr. Blake Desjarlais:** Who's liable now?

**Mr. Nelson Barbosa:** The organization, the Atlantic First Nations Water Authority, administers water services for its member communities, including the regulatory services and the administration—

**Mr. Blake Desjarlais:** I'm sorry, but you're not answering the question.

Who is now liable?

**The Chair:** Mr. Desjarlais, we'll have to come back to you. You have another—

**Mr. Blake Desjarlais:** It's a yes or no question, Chair. Why are they avoiding it?

**The Chair:** We are well over the time. You will certainly have an opportunity to come back again.

Mr. Brock, you have the floor for five minutes, please.

**Mr. Larry Brock:** Thank you, Chair.

Minister Hajdu, I proudly represent the riding of Brantford—Brant. I also represent the first nations community of Six Nations of the Grand River.

I'm sure the minister remembers that I have written to her on numerous occasions regarding the federal funding needed for the Gawni:yo immersion school on Six Nations of the Grand River territory. Despite my previous correspondence and numerous follow-ups over the past three years, my office has not received any updates regarding the status of this necessary funding. The initial request for funding was literally eight and a half years ago. This delay has led to a significant increase in project costs, which has created challenges for the school's operations.

Last month, at this very committee, I raised the issue and a member of your department indicated that they would follow up.

Can you tell us today when we can expect to receive the urgently needed funding?

**Hon. Patty Hajdu:** Thank you very much for the question. I do have a letter here dated March 30, 2023, that I sent to you, Mr. Brock. I assume you have that in your possession as well, so, in terms of not responding, I do want to put it on the record that, in fact, I did.

However, I will say that Indigenous Services Canada has supported the design brief for the school, and we're continuing to engage with the school across government departments—

**Mr. Larry Brock:** When was the last time you engaged?

**Hon. Patty Hajdu:** I believe I was in Six Nations last year, but we can check the exact date.

**Mr. Larry Brock:** I would like to get the exact date.

**Hon. Patty Hajdu:** I will get you the exact date. I visited not only Six Nations with the former chief, but also—

**Mr. Larry Brock:** I have the floor.

You indicated to me that you responded.... I know you dislike that, but this is members' time, not the minister's time.

**The Chair:** Mr. Brock, the minister is aware of the rules and that this is your time. We've gone over this before.

**Mr. Larry Brock:** I don't think she is, Chair, but thank you.

**The Chair:** Mr. Brock, you have three minutes.

**Mr. Larry Brock:** Thank you.

You responded almost a year and a half ago. In that particular letter, I'm sure you spelled out no specific timeline as to when this school is going to get the necessary funding.

How long do the children of my community—the children of the Six Nations community—have to suffer with inadequate funding? Why can't you write a cheque and find the necessary funding as we've been pressing your department to do for the better part of the entire tenure of your government?

What do you say to the people of the Six Nations?

**Hon. Patty Hajdu:** First, I say thank you for the visit and for the opportunity to work on the many issues that Six Nations continues to drive forward, including, I think, their incredible economic development success. I will say that we'll continue to work with them on the successful funding—

• (1610)

**Mr. Larry Brock:** That is a non-answer. Thank you so much.

The AG's report underscores the long-standing health hazard posed by mould in first nations communities, and she concludes that ISC appears to struggle in fully understanding the severity of the issue.

I want to illustrate a case, again from my riding. The Gane Yohs medical centre of the Six Nations of the Grand River is the sole medical centre with federal employees providing vital dental and sexual health services. It was compelled to close due to a mould infestation. They reached out to you personally. You refused to meet with them.

This scenario should highlight the urgency of the situation.

When will your ministry earnestly address these matters, prioritize funding for this crucial medical centre and provide a meaningful response to the Six Nations community?

**Hon. Patty Hajdu:** Thank you for your question. I assume by the line of your questioning that, when indigenous items come up for voting in allocations of funds and in budgeting, you will vote in favour. I'll watch for your vote, because, in fact, as you know, we have a very significant infrastructure gap, and any appropriation of money from the federal treasury that goes towards indigenous spending is critically important to actually complete these kinds of projects.

I appreciate the question.

**Mr. Larry Brock:** When will you fund the mould removal so that the residents...? Twenty-five thousand residents of Six Nations do not have adequate medical services. That is an absolute disgrace, and it's on your shoulders, Minister. When are you going to clean up the mould?

**Hon. Patty Hajdu:** I really look forward to the letter you'll write in support of my next budget ask, which will ensure Indigenous Services Canada has a significant investment in closing infrastructure gaps so that we more quickly can build the infrastructure across the country that I hear you agreeing we need to do quickly.

**The Chair:** Thank you. That is the time, I'm afraid.

Ms. Yip, you have the floor for five minutes, please.

**Ms. Jean Yip (Scarborough—Agincourt, Lib.):** Thank you, Chair, and thank you, Minister Hajdu, for coming to another committee to speak again on this important issue of housing in first nations communities.

I'd like to go back to talking about housing and the infrastructure gap. Why do you think it took so long to figure out the true costs of the housing and infrastructure gap?

**Hon. Patty Hajdu:** Thank you very much, MP Yip, for your advocacy in this area.

I don't think previous governments wanted to know the size of the infrastructure gap, in particular the previous Conservative government, which, as you know, didn't invest in any significant way in the needs of indigenous communities—first nations communities in particular, but certainly also Inuit and Métis communities.

This is the important work that has to be done, and it's an uncomfortable truth. I think that's why governments don't want to quantify things like this. When we know that the infrastructure gap, currently estimated at \$360 billion, is that size, it means that governments must act, and they must act creatively, and they must encourage partners to think about ways we can close that gap together differently. It puts and centres the needs of indigenous communities in our conversations, at least for some of us, and certainly I think that's part of the reason the gap has never been quantified before.

**Ms. Jean Yip:** Has the government's approach to closing the gap changed since we were able to put a dollar figure on it?

**Hon. Patty Hajdu:** Well, I think you saw ambition in budget 2024, where almost 25%—fully 24%—of new spending is on indigenous priorities. There's an ongoing commitment by the federal government under the Liberals to keep reconciliation centred in the work we do. It isn't an easy journey. It isn't a short journey. As I often say in speeches I give before partners and first nations, the flame of reconciliation is lit, but it's like every other tiny flame. It needs constant nourishing and protection from anything that might put it out.

**Ms. Jean Yip:** Just the other day, we heard some excellent testimony from Chief Lance Haymond about his work to build homes on reserve financed through private capital. I found that very interesting.

Are you looking at options like Chief Haymond's to help close the housing gap?

**Hon. Patty Hajdu:** The short answer is yes, we are. We are looking at anything that can leverage the investments of the federal government in the work of closing the infrastructure gap, including innovation and financing that is indigenous-led and supportive of deeper connections between us and the private sector, which often has capital to invest. There are many barriers to investing that capital in first nations endeavours.

I would also note that Chief Haymond was here when we tabled the water legislation, Bill C-61. He was an active participant in the co-creation of that legislation, as were many other first nations across the country. I think he is a significant leader to watch in

terms of the kind of creativity we need across this country to deal with such a gap.

• (1615)

**Ms. Jean Yip:** Yes, he mentioned looking at both indigenous-led and others in the financial sector.

Are you talking to anyone in the financial sector?

**Hon. Patty Hajdu:** Absolutely. I certainly am.

In fact, as I mentioned, we had the second economic round table just a couple of weeks ago. The first one was hosted by us, and the Indigenous Services Canada team did a fantastic job. We had representation from all the major banks and from all across the financial sector. There was so much enthusiasm that the Bank of Canada offered to host the second one. That gave me a lot of excitement, because, of course, they were able to ensure there were a variety of different partners at the table, including all of the major banks, the Canada Infrastructure Bank, the First Nations Bank of Canada and many others.

There is an enthusiasm, I will tell you, in corporate Canada to really challenge ourselves on the barriers to accessing capital that first nations' communities and businesses are facing. I look forward to the next steps in this work.

**Ms. Jean Yip:** Why do you think some of these initiatives have taken so long to gain momentum? I'm very glad to hear some of the major banks are stepping up, or at least interested, but it seems like it's been a long time.

**Hon. Patty Hajdu:** Some banks and institutions have actually come a long way. They have a variety of different departments within their bank that are very focused on economic reconciliation, capital access for first nations and supporting indigenous businesses. Others do not have that same expertise.

I would say that the history of Canada has been one of economic exclusion of first nations people. This is a hard pattern to break. The good news is that—I sense this in capital markets and corporate Canada—there is a growing recognition of the economic advantage of reconciliation. This isn't just the right thing to do. It is the smart thing to do.

**The Chair:** Thank you, Minister.

[Translation]

Ms. Sinclair-Desgagné, the floor is yours for two and a half minutes.

**Ms. Nathalie Sinclair-Desgagné:** Thank you, Mr. Chair.

Minister, I'll ask you a specific question: What do you say to the recommendation we heard earlier this week that Parliament should pass a bill whereby the Indian Act should be abolished within the next 10 years?

[English]

**Hon. Patty Hajdu:** I would like to hear from first nations in a larger way. Not everybody has the same perspective on how to do that in a way that protects the rights enshrined within the Indian Act. As repulsive as that act is to many people, what I have heard from some first nations leaders is that it also has protections that need to be enshrined in other ways.

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** That's perfect. Do you have a specific timeline for a comprehensive reform of the Indian Act? Do you have a timeline, a deadline or something you could share with the committee on the reforms you plan to make to that act?

[English]

**Hon. Patty Hajdu:** What first nation leaders tell me is that the way we are going about this—creating specific legislation, like the child welfare legislation, which restores the inherent rights of indigenous people to care for their own children and families—is the right way to do this. It allows for a controlled dismantling of the Indian Act that puts control back in first nations in a timeline that makes sense to them. It provides certainty around funding models, and it provides the supports that first nations say they need in order to do a thorough consultation and design of those systems for their communities.

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** Have you noticed that the best initiatives between first nations peoples and newcomers, if we can call them that, French or English, whatever, are often in Quebec? That's according to the Auditor General's report and Mr. Haymond's testimony. That is where we see that Quebec and the people of Quebec have done some nice things for indigenous peoples, whether we are talking about the Yānonhchia' program or the peace of the braves agreement.

Don't you think the federal government should draw inspiration from such actions, as well as from a much more nation-to-nation approach, as we have done in Quebec?

• (1620)

[English]

**Hon. Patty Hajdu:** I think that is exactly the approach we're taking, a nation-to-nation relationship with first nations people. I would also say that there is fantastic work happening on creating the tools that first nations people are saying they need to fully capitalize from the economy of Canada.

I'll point to the \$5-billion loan guarantee that was announced in budget 2024, which was roundly applauded by first nations leaders and first nations businesses. They say that now they will have the economic tool, the capital tool, that they need to be able to fully participate in major infrastructure and major energy projects across this country.

[Translation]

**The Chair:** Thank you very much, ladies.

[English]

Mr. Desjarlais, you have the floor for two and a half minutes, please.

**Mr. Blake Desjarlais:** Thank you very much, Mr. Chair.

Just the other day, we spoke to one of the country's probably most modern Indian agents ever in our history, Michael Wernick. His testimony was extreme in its approach, not just to his time at Privy Council, his advice to cabinet and his advice to the Prime Minister's Office on this tremendous need to move past the Indian Act; he even recommended that it should be abolished within 10 years. Then he criticized the sitting government and said it does not have the will to do what he has recommended.

He's the same gentleman who had largely been the deputy minister for the years that these audits have been presented to them, from 2003 to today under his watch. He then recommended this insidious approach that has largely made up the mandate of the reconciliation process that's undertaken by the government today. This issue he presented, that the courts were being utilized rightly by indigenous people who are seeking justice, was that the government was losing billions of dollars and finding itself in a position where its liability was being challenged, and there needed to be a risk-management approach to this liability. It's a very disgusting way to speak about human rights breaches in our country, to measure things down to who is liable and how the government can risk assess its liability out of this.

These are real conversations that I know are present in your ministry and also between you and the Ministry of Justice. You often get briefing notes from the Ministry of Justice and memorandums that seek to limit the risk that is present in government agreements that you sign on behalf of the Crown with indigenous people.

I'll ask again, who is liable when care and control is transferred to an indigenous government?

**Hon. Patty Hajdu:** I think I'll answer broadly, but I would say that no agreement is signed without the full participation of the partner organization or first nation.

I'll turn to Mr. Barbosa.

**Mr. Nelson Barbosa:** Thanks for the follow-up question.

**Mr. Blake Desjarlais:** I have a minute left, so can you please just answer the question?

**Mr. Nelson Barbosa:** The first point is who the agreement is with. The transfer of care and control is not a devolution or a transfer of responsibility from the Government of Canada to a first nation. What's happening in Atlantic Canada and across the country is the establishment of organizations like the Assembly of First Nations, which work with first nations to support the administration—

**Mr. Blake Desjarlais:** If an indigenous government is to litigate under these new agreements, like they have in the past, who is liable?

**Mr. Nelson Barbosa:** The litigation prerogative still remains with first nations. The relationship with Canada shifts to the organization that first nations decide to stand up. Those organizations, like in the Atlantic context, manage water—

**Mr. Blake Desjarlais:** In other words, it means the responsibility and the liability shift to the organization from the Government of Canada.

**Mr. Nelson Barbosa:** No. It's about the relationship. The relationship changes from the first nation to the organization that the first nation determines it wants to run its systems.

**The Chair:** That is the time, I'm afraid.

Mr. Nater, you have the floor for five minutes, please.

**Mr. John Nater (Perth—Wellington, CPC):** Thank you, Chair, and through you, thank you to our witnesses for joining us.

In a previous line of questioning, Mr. Brock brought up a very local example from his area about mould, something that we heard about through the Auditor General's report. One thing the Auditor General noted very strongly was that there was no indication of when or why or for what reasons the 2008 mould strategy ceased to operate. We have asked this question of your deputy minister. We have asked this question of the former Clerk of the Privy Council and the former deputy minister of the department. We have yet to receive a clear answer.

You've now had several weeks since this report was tabled. Can you tell us why the mould strategy is no longer being used?

• (1625)

**Ms. Gina Wilson (Deputy Minister, Department of Indigenous Services):** If I may, Mr. Chair, a number of years ago there was a specific mould strategy. At a certain point in time, we decided, with the participation of first nations, to make that particular funding stream as flexible as possible. If they want to invest in mould, if they want to invest in housing, if they want to invest in lot remediation or what have you, it is in the purview of first nations to decide.

**Mr. John Nater:** That's really not an answer to when it actually stopped being used. When was it stopped?

**Ms. Gina Wilson:** It gradually diminished over a number of years. There's no precise time when it stopped.

**Hon. Patty Hajdu:** I think the point the deputy is making is that, in the true spirit of self-determination, when you have prescriptive programs that define for first nations how exactly this particular line of money must be used, first nations have often said that this is not helpful. As you know, mould remediation has a number of different steps along the way, including the protection of homes from the ongoing onslaught of water, which, by the way, is an increasing challenge as it relates to climate change.

**Mr. John Nater:** In the Auditor General's report, she said, "Overall, we found that, among communities of similar sizes, communities with the poorest housing conditions received less targeted funding than those with better housing." When we talk about the situation that we find ourselves in here today, why is it that those in the most need are actually the ones receiving the least amount of funding?

**Hon. Patty Hajdu:** I'll turn to Mr. Barbosa to answer that question.

**Mr. John Nater:** No, Minister. Minister, I would like you to answer this question. This is your department. You are accountable as the minister. Why is it that those in the most need are receiving the least amount of funding?

**Hon. Patty Hajdu:** You get to ask the question and I get to answer it. I'm going to turn to Mr. Barbosa for the answer.

**Mr. Nelson Barbosa:** Very briefly, we recognize that the housing gap is large. We assessed the same level of data that the Auditor General did. We looked at communities with the poorest housing conditions and how we allocate money. We found that from 2018 to 2023, first nations with the highest need received approximately 39% more funding per capita than communities with other housing and higher housing conditions. We also looked at the metrics that were proposed by the Auditor General, looking at communities with 100 or fewer housing units. We found that, on average, those communities received roughly 50% more funding than communities on the other end of the spectrum.

We don't disagree that the housing need is great. What we have a little bit of concern with is how the metric was portrayed in the report.

**Mr. John Nater:** I'm sure first nations communities appreciate you quibbling with metrics when there are folks in this country who do not have adequate housing. I'm sure they appreciate you quibbling with metrics.

I want to follow up. Chief Lance Haymond said, "The bigger challenge...is that most of these initiatives are proposal-driven", so that, "Those with the greatest need have the least capacity" and "lesser-capacity first nations are getting less of the national budget".

Would you agree with what Chief Haymond said here earlier this week?

**Hon. Patty Hajdu:** I would say, in part, for certain infrastructures, proposal-based infrastructure funding can be very challenging for communities, but I would also say that there are communities where multi-year funding is in place. That does provide the flexibility that Chief Haymond has noted is important.

I will also, MP Nater, encourage you to vote for any measures that increase spending for indigenous priorities. I will note that you voted against them all.

**Mr. John Nater:** I would also note, Minister, that you have failed to address the actual concerns of folks on the ground in these communities.

In response to Mr. Melillo's question, you said that all funding requirements were to comply with the building code, but the Auditor General found that the department did not have documentation certifying that the projects actually met the building codes. How is it that this lack of documentation exists within your department?

**Hon. Patty Hajdu:** Well, the department works very closely with first nations, as you know, in a true nation-to-nation relationship. We work with first nations to ensure the approach does not follow the colonial history that I would say the former Conservatives were very fond of and perhaps, judging by the line of questions today, would be fond of again, whereby communities are penalized harshly for any perceived infraction of any code.

We work with first nations to support the maintenance of buildings and to ensure that newbuilds are compliant with code, and we'll continue to do that.

• (1630)

**The Chair:** Thank you. That's the time.

Ms. Bradford, you have the final five minutes, please.

**Ms. Valerie Bradford (Kitchener South—Hespeler, Lib.):** Thank you, Mr. Chair, and thank you to the witnesses for joining us today.

Indigenous communities are at the forefront of our fight against climate change. Obviously, it's hard to make long-term plans when your community is forced to evacuate or rebuild every year because of a wildfire or flooding. How big an impact is climate change having on construction timelines and costs? What are you hearing from the first nations partners?

**Hon. Patty Hajdu:** Oh wow. That's actually an emotional question for me, because I've visited with so many communities that have been devastated by either floods or wildfires. In fact, just a few months ago, I was in Skwlax and Lytton First Nation on the west coast, who experienced a devastating wildfire in 2021, I believe it was, and now here we are in 2024 and the new houses are just arriving.

In fact, after a devastating event like that, there is site remediation. There are oftentimes evacuations in a crisis mode, and then long-term evacuations. Those first nations have worked incredibly hard to support members to come back to their communities, often in temporary housing. One community, Lytton First Nation, had temporary mobile units for families so they didn't have to stay so far away from their community for so long as the housing was getting rebuilt.

In fact, oftentimes, and I think this is a real.... I found this very striking. One of the buildings that burned down was an administration building where, in fact, many members had said there were remains of first nations people from time immemorial. Of course, the then colonial government did not listen to or believe in that story of the members. In the remediation process, through archaeological examination, there in fact were a significant number of remains of former members. It takes time to do the archaeological underpinning for any of that kind of work.

In Skwlax, it was truly incredible to see just how fast things are moving with some internal capacity to do all of the civil engineer-

ing that is required to work with people at BC Hydro and the many other service providers to hook up electricity. I could go on.

MP Bradford, the last thing I'll say is that climate change is presenting an ongoing and escalating risk to first nations communities, who are often on the front lines of these crises. During wildfire season, my department has a specially trained team of people who can very quickly pivot to emergency management supports. First nations themselves have emergency management coordinators. We've funded increased capacity, but increasingly we're seeing the devastation of climate change wreak havoc on indigenous communities.

**Ms. Valerie Bradford:** Okay. Along that line, is there any thought of permanently relocating some of these communities to safer areas not so prone to natural disasters such as flooding or fire, so that they don't have to go through this constant turmoil year after year?

**Hon. Patty Hajdu:** Well, I mean, to answer that question, first I have to say that first nations people were put there—

**Ms. Valerie Bradford:** I know—

**Hon. Patty Hajdu:** —intentionally out of the way of colonial cities and towns and dispossessed from the land they had inhabited for a very long time. The process of moving community is very emotional. If a community is interested, for example, in the potential of exploring that, of course the Government of Canada, under our leadership, would be supportive of that, and there are communities that have routine and ongoing flooding.

The challenge is where, to be honest, and the challenge is also connection—connection to that land, connection to that.... I just told you the story of remains in the community, where these are remains that could be centuries old. It's not as easy.... I would ask you the same, I suppose. I'm sorry. I forgot your community—

**Ms. Valerie Bradford:** Actually, the one I'm living in now is Kitchener.

**Hon. Patty Hajdu:** Okay. If Kitchener all of a sudden were uninhabitable, it would be a very emotional thing to contemplate leaving.

**Ms. Valerie Bradford:** I understand. I just wonder—

**Hon. Patty Hajdu:** What I would say is that it's really important that we do everything in partnership with first nations.

**Ms. Valerie Bradford:** Exactly.

**Hon. Patty Hajdu:** When a first nation is interested in contemplating something like a relocation, of course, the Government of Canada, I believe, has an obligation to entertain support for that, but I can tell you that those are deeply emotional conversations and thoughts.

• (1635)

**Ms. Valerie Bradford:** Right.

I'm returning to the situation about the importance of self-determination and a nation-led approach and, again, this could apply to this, too.

Where do you see the balance between transferring control to first nations and ensuring that the government is doing its job by proactively supporting the communities, equipping them with the tools they need for success and making sure they are not left on their own or set up to fail?

We look at this with water management and all these different things.

**Hon. Patty Hajdu:** I'm glad that you spoke about water, because I just got a letter today from the Blackfoot Confederacy, talking about their support for the Bill C-61 legislation that we have just tabled and that will be arriving at INAN committee.

I would just like to read you a statement. They say:

No consultation process will ever be perfect. However, starting over two years ago all First Nations were offered a significant opportunity by Canada to be directly involved in the development of Bill C-61. Our Nations provided extensive legal and historical submissions about our Treaty water rights at the outset of the consultation process. We meet many times with Canada's Bill C-61 team to review and comment on drafts of the legislation and by the time Bill C-61 was introduced in Parliament we were able to get significant changes made including broadening the recognition of our inherent right of self-government to include all aspects of "water" in general—not just drinking water. We also secured the protections in s.15 of the rights of First Nations to sufficient supplies of water, which is critically important in many regions where water scarcity is an issue.

Our general point is that all First Nations had the same opportunity to consult with Canada about Bill C-61 over a period of more than two years. Those consultations were meaningful in our experience and resulted in real and significant improvements to Bill C-61.

To me, that is the approach I think we need to continue to take. It's truly partnership. It's challenging our systems and institutions to share power and to listen to first nations about what they want to see in the governance of not just their community but this country. They are valuable partners.

**The Chair:** Thank you very much.

I'm afraid that is the time. You were well over.

Ms. Wilson, would you be able to provide this to the committee in writing? I would like some more details around why the mould strategy is not being used anymore. I'm struggling to understand what you said about the Treasury Board requirements in terms of spending envelopes and then delivery.

I don't want to ask for an answer now, but if you could get back to the committee, please, with an explanation on how that program was phased out, with a little more specifics and timeline, the committee would appreciate it.

**Ms. Gina Wilson:** I'm happy to send the committee a brief.

**The Chair:** Thank you.

Mr. Desjarlais, I'm going to need unanimous consent for you to ask a question. We are—

**Mr. Blake Desjarlais:** It's actually in addition to your request for documents.

**The Chair:** Yes.

**Mr. Blake Desjarlais:** Can we also include in the request for that update in writing a request for an update on the department's response to the point the Auditor General made in section 2.34 related to the Canada Mortgage and Housing Corporation?

The Auditor General found that the ministry, in co-operation with CMHC, underfunded the Alberta, Saskatchewan and Manitoba region by using outdated and old formulas.

**The Chair:** Would that be possible, Ms. Wilson?

**Ms. Gina Wilson:** I don't know if I can. I can't promise for CMHC.

**Mr. Blake Desjarlais:** In terms of the department's response....

**Mr. Nelson Barbosa:** If the question is about what data we use in terms of appropriating funds, we use current census data.

**Mr. Blake Desjarlais:** You use current census data in this regard, do you?

**Mr. Nelson Barbosa:** Yes.

**Mr. Blake Desjarlais:** That would be good if you could supply that, but I understand that this portion of the agreement speaks directly to CMHC in co-operation with ISC.

**Mr. Nelson Barbosa:** I don't believe so. I believe it's about how each department appropriates its funds. For ISC, we appropriate against current census data from 2021.

**Mr. Blake Desjarlais:** You're saying this is not your problem.

**Mr. Nelson Barbosa:** I'm saying there are two parties to ask that question of.

**Mr. Blake Desjarlais:** You have no responsibility for it.

**Mr. Nelson Barbosa:** I have a responsibility for ISC funding, for which we used 2021....

**Mr. Blake Desjarlais:** In this regard, it's none.

**The Chair:** Could you do your best, if there's an aspect that you're responsible for?

**Mr. Blake Desjarlais:** Just do something about it. My God.

**Mr. Nelson Barbosa:** We would be happy to provide a funding history of how we appropriate funds.

**Mr. Blake Desjarlais:** Can you talk to CMHC at least?

**The Chair:** All right. We will get a response, and then we will take next steps.

I would thank the minister, but she's already left. That's very unusual.

**Mr. Blake Desjarlais:** [*Inaudible—Editor*]

I'll have order, Mr. Desjarlais.

I would thank the minister—

**Mr. Blake Desjarlais:** I'm not satisfied with those kinds of answers, Chair. I'm sorry.

**The Chair:** Let's get the answer back. Then this committee can take steps if you're not satisfied with it.

**Mr. Blake Desjarlais:** I'm not satisfied. We're not doing it. It's someone's problem.

**The Chair:** We're well over, Mr. Desjarlais. I granted you extra time. I allowed the back-and-forth.

**Mr. Blake Desjarlais:** I appreciate that, Chair. It's not against you.

**The Chair:** There's resistance. We're going to get an answer. We'll wait until they respond. Then this committee can take it up again. You have my commitment on that. We will look at it and act, if necessary.

• (1640)

**Mr. Blake Desjarlais:** Thank you, sir.

**The Chair:** Again, the minister has already left. That's very unusual. I thank the officials. I'm sorry the minister is so busy. She had to rush out before we concluded our business.

I will suspend this meeting, and we'll call on the next minister within a minute.

• (1640)

(Pause)

• (1644)

**The Chair:** I'm going to welcome everyone back.

[*Translation*]

Pursuant to Standing Order 108(3)(g), the committee is resuming consideration of report 1 of the 2024 reports of the Auditor General of Canada, entitled "ArriveCAN", which was referred to the committee on Monday, February 12.

[*English*]

I would like to welcome our witness, the Honourable Bill Blair, PC, MP and Minister of National Defence.

Thank you for coming in today. We appreciate it.

We also have your officials from the Department of National Defence. We have Ms. Stefanie Beck, deputy minister.

Ms. Beck, is this your first committee appearance as deputy minister?

• (1645)

**Ms. Stefanie Beck (Deputy Minister, Department of National Defence):** It's not as a deputy minister. It is as deputy minister of National Defence. It's day four.

**The Chair:** Welcome. This will be a good run-through, because I'm sure you'll be at National Defence soon enough. Very good. Congratulations on the appointment.

We also have Troy Crosby, assistant deputy minister, materiel group, and Isabelle Desmartis, assistant deputy minister, human resources, civilian.

Mr. Blair, you have five minutes for an opening statement.

**Hon. Bill Blair (Minister of National Defence):** Thank you very much, Mr. Chair.

Thank you for the kind invitation to come and appear before this committee.

As you have already noted, I am joined by our new deputy minister of National Defence, who was previously a deputy minister at Agriculture, Ms. Stefanie Beck, and others. I won't repeat them because you have already named them.

First of all, if I may, I'd like to be clear with members of this committee that, while I have the benefit of excellent and regular briefings from the senior officials with me today, I have had no direct involvement in the matters that this committee is studying. Hiring decisions and the administration of the public service are rightly the responsibility of the deputy minister. Ministerial intervention in this area is both inappropriate and wrong.

However, each of us takes the issue of transparency and ethical conduct in government contracting very seriously, as does every single person at the Department of National Defence. We know that every dollar counts, especially when it comes to protecting Canada and Canadians, and that Canadians expect all of us to use their hard-earned money wisely.

I'd like to spend the next few minutes highlighting the rules, expectations and processes that are in place to ensure that we're meeting the highest standards possible when we contract outside the department.

The National Defence team is made up of a dedicated group of people who are responsible for protecting Canada and Canadians as well as advancing Canadian interests around the world. To support their critical work, our department will sometimes seek third party expertise from outside contracting firms. In these types of contracts, and indeed, in all procurements, the department must follow Canadian laws and policies to the letter. Procurements must be conducted in a fair, open and transparent manner in accordance with Treasury Board policies as well as regulations, guidelines, trade agreements and procedures.

We recognize the importance of the competitive contracting process. Of all contracts awarded by the department over the past three years, 95% were awarded competitively; however, in some limited cases, including for some lower-value contracts, the department will occasionally procure goods and services through a non-competitive process in order to deliver results quickly. In all cases, we ensure that contracts are awarded transparently and achieve expected results, delivering value for money.

We also have defence ethics training available to all employees at the Department of National Defence and, as with all departments, we are obligated to publicly disclose all contracts over \$10,000 on the open government portal.



Likewise, we expect all National Defence team members and all third party organizations to follow the highest ethical standards as they carry out their duties. All employees are made aware of their responsibilities surrounding conflicts of interest and the values and ethics code for the public sector as soon as they begin their tenure with the department.

It is the obligation of employees to prevent, identify, disclose and manage any outside activities that may constitute a conflict of interest within 60 days of their hiring. While there is no specific policy against contracting for services with current and former employees and CAF members, these contracts must be disclosed at the time of hiring and be conducted in an open, fair and transparent manner to ensure that they are free of any real or perceived conflict.

To improve our processes around how employees publicly disclose potential conflicts of interest, the deputy minister has advised that DND is now rolling out a mandatory two-step screening process for all incoming employees this month. The first step requires a new hire to sign a mandatory affirmation in their letter of offer. This affirmation includes a series of questions to determine whether a conflict of interest could exist. If an employee answers yes to any of these questions, they are expected to provide a full declaration in a confidential report to the review services branch within 30 days. The department will then investigate the situation to analyze and manage the conflict of interest risk.

We are also piloting a new mandatory conflict of interest questionnaire for existing employees. Last month this questionnaire was sent to 292 of our procurement members of the materiel group for completion. It will be expanded across the National Defence team in the coming weeks.

While these new processes were not in place when Mr. Yeo was hired, he was still obligated to disclose any potential conflict of interest within 60 days of beginning his employment in the department. National Defence received his declaration only on March 3, which was 165 days into his tenure and after he was suspended from his position. He subsequently resigned from the federal public service one day before he was to discuss his employment with DND.

Following the issues around his appointment coming to light, both the Public Service Commission and National Defence completed investigations into his employment. Neither of these investigations have suggested error, favouritism or improper conduct related to the hiring process. However, we are committed to applying lessons learned from this incident to improve our conflict of interest processes and strengthen our approach to contracting at National Defence and across the entire public service.

• (1650)

I want to assure the members of this committee that we take any real or potential conflicts of interest at National Defence very seriously.

My expectation as minister is that all actions that take place in my department will meet the highest ethical standards. We know that Canadians expect openness, transparency and accountability from their government.

Thank you very much Mr. Chair.

**The Chair:** Thank you, Minister.

We'll open our first round. The first four members will have six minutes each.

Mr. Genuis, you have the floor for six minutes, please.

**Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC):** Minister, this week's Auditor General's report reveals how much Liberals love McKinsey, especially at National Defence. National Defence gave 15 contracts to McKinsey, 13 of which were non-competitive.

In addition to breaking all kinds of rules, these contracts have gone to a company that is simultaneously working with the militaries of our strategic adversaries. Did you ever inquire about which other militaries McKinsey is working for around the world?

**Hon. Bill Blair:** Again, as I've already indicated, officials, perhaps, could give you that information. I am not involved in the contracting process, but I would like to share with you—

**Mr. Garnett Genuis:** Sir, if I can just clarify.... It's a very specific question about actions you've taken as minister.

The McKinsey story has been in the news. You will have seen it. Did you ever inquire about which other militaries McKinsey was working for at the same time as working for the Canadian Department of National Defence?

**Hon. Bill Blair:** I'm happy to share with you with respect to the steps I have taken. We've reduced the government use of professional services by 15% since I've taken over. We've ended the standing offers with McKinsey and all similar companies, and we've introduced stricter requirements for departments to make suppliers more transparent and accountable.

I have never—

**Mr. Garnett Genuis:** Minister, that wasn't the question.

**Hon. Bill Blair:** I have never engaged with anyone from McKinsey. I've never talked to anyone there.

**Mr. Garnett Genuis:** Okay.

**Hon. Bill Blair:** I don't have the information you seek, but one of my colleagues, perhaps Mr. Crosby, might have that information.

**Mr. Garnett Genuis:** Have you ever asked your officials or sought information about which other militaries around the world McKinsey works for?

**Hon. Bill Blair:** No.

**Mr. Garnett Genuis:** Okay. Do you think you should have? Do you think that's important information? Do you think that's germane to the fact that it's also working for the Canadian Armed Forces?

**Hon. Bill Blair:** My expectation is that our very professional and capable public service and people responsible for the procurement of these contracts would exercise due diligence in ensuring that whomever we contract with meets our ethical and security requirements.

**Mr. Garnett Genuis:** Well, either of the officials here can answer, just very briefly, whether the Department of National Defence has ever gotten information from McKinsey regarding which other militaries it's working with around the world. It's just a yes or a no.

**Mr. Troy Crosby (Assistant Deputy Minister, Materiel Group, Department of National Defence):** The way we approach this is not to inquire what other work they have, necessarily, but to ensure that the companies meet the security requirements checklist—

**Mr. Garnett Genuis:** Okay, so the answer is no.

**Mr. Troy Crosby:** We don't go and pursue what other business they have. It's a large multinational. We ensure that they have the right terms for our contracts.

**Mr. Garnett Genuis:** Okay, so I guess this is a policy question, and it comes back to you, Minister, since you are responsible for the direction here.

McKinsey has done particularly well from this government, but overwhelmingly from National Defence, with 13 non-competitive contracts. We've seen in the Auditor General's report that McKinsey has been favoured by this government significantly.

At the same time, we know—in a limited way, not fully—that McKinsey is engaged actively with our strategic adversaries around the world. That doesn't mean that it's sharing specific privileged information, but it's learning things from us that those same associates are applying in their interactions with foreign militaries. At a policy level, do you think that it is good policy to not make these inquiries?

**Hon. Bill Blair:** I think it's very good policy that anyone contracting with the Canadian government and the Department of National Defence, either in a competitive process or through standing offers, be subject to and meet the rigorous security standards that we put in place—

**Mr. Garnett Genuis:** Should those include inquiries into who else they're working for at the same time?

• (1655)

**Hon. Bill Blair:** Well, frankly, if there is any indication in that security review and screening that is put in place that this is a concern, my expectation is that this would be brought to light.

**Mr. Garnett Genuis:** I think that's a fundamental concern, but I'll move.... I think we've heard your position, and you've heard mine.

**Hon. Bill Blair:** Yes.

**Mr. Garnett Genuis:** It's a policy disagreement, and Canadians can make their judgment about whether that's a problem.

This committee has heard from Mr. Yeo, an employee at National Defence at the same time as his company was getting contracts from the government.

Our view is that, aside from the particular problems of his case, we don't think it makes sense to have someone who is an employee of the government also be contracted out to for certain work. The purpose of contracting out is that the skills to do that activity don't exist within government, so why would you contract out to someone who's also a government employee?

That is why we put forward a motion to this committee—which was passed, although opposed by the Liberal members—calling on the government to end these double-dipping arrangements whereby a government employee is also a recipient of government contracts. Do you believe the Department of National Defence should end all instances of double dipping?

**Hon. Bill Blair:** Perhaps you're not aware that a significant number of members of the Canadian Armed Forces are reservists. By the very definition of their work, they are also employed in other occupations. Some of them are police officers or firemen. Some of them are electricians—

**Mr. Garnett Genuis:** Let's set aside the reservist question, because I think there's a particular situation here.

**Hon. Bill Blair:** That's a situation where they are both employed by the Government of Canada and—

**Mr. Garnett Genuis:** Yes. Let's set that aside. I have limited time. I understand there's a particular case for reservists.

People who are full-time employees of your department and also beneficiaries of contracts.... Do we think we should end all double-dipping in those cases?

**Hon. Bill Blair:** Well, what we should do is ensure that all of the rules with respect to the declaration of a conflict of interest are clearly articulated and that appropriate measures are put in place to eliminate those conflicts.

**Mr. Garnett Genuis:** If you make a declaration and the conflict of interest persists.... Declaring something doesn't change that there's a conflict of interest, if a conflict of interest persists. Why don't we just end the conflict of interest by ending double-dipping?

**Hon. Bill Blair:** Respectfully, there's a spectrum of potential conflicts of interest. Some of those risks can be mitigated. Some of them require a full screen. Some of them would be an absolute prohibition from engaging regarding any contracts with the department. It's a range. It depends on the position the person holds and the services they may be providing. There is an appropriate response.

I am absolutely concerned that, in this case, the individual did not meet those screening requirements. We've put some very rigorous steps in place in direct response to the recommendations of the Auditor General, in order to make sure this does not happen again. When—

**The Chair:** Thank you, Minister. I'm afraid that is the time. I allowed extra time for your answer.

**Hon. Bill Blair:** Thank you, Mr. Chair.

**The Chair:** I'll turn now to Ms. Khalid.

You have the floor for six minutes.

**Ms. Iqra Khalid (Mississauga—Erin Mills, Lib.):** Thank you, Chair.

Thank you to our witnesses today.

Just to clarify, Mr. Crosby, how many contracts do you have with McKinsey, currently?

**Mr. Troy Crosby:** We have no active contracts with McKinsey at this time.

**Ms. Iqra Khalid:** Thank you. I appreciate that.

Minister Blair, thank you so much for taking the time to be here today.

I realize you were not the minister during the active dates we're discussing today.

Minister, during his testimony, card-carrying Conservative member Mr. Yeo had a lot of interesting stories about what he did, both as a member of the Canadian Armed Forces and when he was a contractor, while he was flashing his Conservative badge to all of us here.

To the best of your knowledge, can you please clarify exactly what he did during his time at National Defence?

**Hon. Bill Blair:** If I may clarify one point, I was, in fact, the Minister of Defence.

When the Auditor General report came to light, and through the work of parliamentary committees.... Within 24 hours of that information becoming known, Mr. Yeo was suspended and steps were taken to deal with his employment. He resigned before that could be completed. He was suspended and out of the building within 24 hours of that information coming to light. I was, in fact, the minister at that time.

**Ms. Iqra Khalid:** To clarify, when you became aware of the accusations made against Mr. Yeo, you took steps right away.

**Hon. Bill Blair:** Well, in fairness, the deputy minister took the steps. Deputy Minister Matthews took those immediate steps at the time. He was the department head and was responsible for those actions. I was advised of the actions he took. I certainly supported them. They didn't require my authority.

The deputy minister acted very quickly and appropriately in this case.

• (1700)

**Ms. Iqra Khalid:** Thank you for that.

I think we can all agree at this table that the specific case of Mr. Yeo should not have happened at all.

Since that incident happened, have there been any steps you or your deputy minister have taken to prevent these types of actions from happening in the future?

**Hon. Bill Blair:** Yes, there are a number of very important steps we've taken.

We've introduced much stricter requirements around suppliers being more transparent. As I said, we're strengthening our conflict of interest code for public servants. We've taken very seriously the Auditor General's report, and we're putting into action some of the

recommendations. I have already articulated...the new questionnaire that's being provided. If the answer is yes to any of the six questions put to a new employee, they must submit a more detailed conflict of interest statement within 30 days.

We're also—I think this is important—strengthening training for our officials. Sometimes, the regimes around conflict of interest are not well understood. We're strengthening the training for our officials so they will be able to more readily comply with the requirements and expectations of all Canadians. It's also for management personnel, so they can be more alert to some of the challenges and steps that could be taken to mitigate any potential conflict—how to make sure we are maintaining and protecting the integrity of our procurement processes, and the businesses within our departments as well.

**Ms. Iqra Khalid:** I think that's so important. When we talk about taxpayer dollars, we have to maintain the utmost respect for every single penny we spend as a government or as parliamentarians. I really appreciate that.

Deputy Minister Beck, you're new to your current role. Congratulations on taking it up. However, you're not new to the world of DND. You previously served as the associate deputy minister. Is that correct?

**Ms. Stefanie Beck:** Yes.

**Ms. Iqra Khalid:** I wanted to give you a chance to explain how you will ensure compliance with ethics and the conflict-of-interest regime for public servants within your department.

**Ms. Stefanie Beck:** Thank you very much for the opportunity.

What I would like to stress is how much I plan to build on the excellent work done by my predecessors, notably just in the past few months and weeks. In addition to what the minister has outlined with some very new proposals around the code of conflict and a requirement within a certain time frame for new employees to respond, we're also creating a new oversight committee of procurement that will have a much more detailed and deliberate review of every contract that is over a certain amount.

Also, of course, there is the training that the minister referred to. At the moment, what we have is a process whereby staff are trained before they get there. For instance, for their financial delegation, this tends to be at a moment in time. What we're looking at for the future is a more regular, routine and repetitive set of training requirements rather than a one-off. Then we just hope that the person continues to deliver as they should.

**Ms. Iqra Khalid:** I appreciate that. I realize that the majority of our public servants are very honourable people, and they work very hard to take care of Canadians. Especially during the pandemic, we saw just how much they went above and beyond.

While I say that, I also want to dive a bit deeper into holding people to account. How would you hold public servants to account if they found themselves with a conflict of interest?

**Hon. Bill Blair:** When such conflicts arise, it is incumbent upon the member themselves to declare that conflict. If they have failed to meet the standards, I think there have to be high levels of accountability. I think Canadians expect that of us.

I've always been very mindful. I've had a number of jobs in my life where I've been responsible for spending the public's money, and I have always thought it was incumbent upon us to make sure that we be transparent and open with them to ensure that they're getting good value. When there are issues, when someone does not follow the rules, there would have to be consequences that are quite serious and public.

**The Chair:** Thank you, Minister.

[*Translation*]

Ms. Sinclair-Desgagné, go ahead for six minutes.

**Ms. Nathalie Sinclair-Desgagné:** Good afternoon, minister. Thank you for accepting our invitation.

Could you just give me the date of Mr. Yeo's resignation?

• (1705)

[*English*]

**Hon. Bill Blair:** I may turn to one of our officials, but—

[*Translation*]

**Ms. Nathalie Sinclair-Desgagné:** Could you just give me the date, please?

[*English*]

**Hon. Bill Blair:** —I believe it was March 3 of this year. As I said, he was suspended immediately. I have Isabelle with me.... It was March 5. He was suspended immediately because of this information. He was scheduled to come in to deal with his employment, and he resigned on March 5.

[*Translation*]

**Ms. Nathalie Sinclair-Desgagné:** Thank you.

I understand that he resigned after the newspaper articles appeared, not after the Auditor General's report was tabled. The report was tabled on February 7, so it took a month for Mr. Yeo to resign.

I want to clarify that you were the minister when Mr. Yeo was hired in the public service, in the Department of Defence. He appeared before the Standing Committee on Government Operations and Estimates on October 31, 2023, to testify as an individual about his company Dalian Enterprises, while he was an employee of National Defence. He came as the CEO of Dalian while he was a public servant. You were also the minister at that time. So we have to step back a little in that regard.

I also have a quick question about the various departments you have worked in. How often did you speak with Mr. Ossowski during the time of the ArriveCAN audit and also during the time when you were Minister of Public Safety and Mr. Ossowski was president of the Canada Border Services Agency?

[*English*]

**Hon. Bill Blair:** I had a number of discussions with the president of CBSA at that time, but, as I hope I made clear in my opening

remarks, I was not in any way involved in any of the HR practices, such as the hiring or firing of employees. That is the responsibility of the deputy minister or deputy minister head of their organization. Similarly, I was not involved in the issuance of any contracts in my ministerial position.

[*Translation*]

**Ms. Nathalie Sinclair-Desgagné:** What is relevant is that there is not just one thing that went wrong. A lot of things in succession have gone wrong at the Department of National Defence. At some point, we say to ourselves that there is the responsibility of deputy ministers and employers, who are public servants, yes, but there is also what we call ministerial accountability. That accountability belongs to you at the Department of National Defence, but it also belonged to you when you were Minister of Public Safety. Everything that happened with ArriveCAN at the Canada Border Services Agency was under your ministerial accountability while you were the Minister of Public Safety.

My question about how often you spoke with Mr. Ossowski leads me to wonder if he has ever spoken to you about whistle-blowers who have reported issues to the Canada Border Services Agency. I'm thinking in particular of what we now suspect, which was reported by a whistle-blower, namely widespread corruption within the agency. When you were Minister of Public Safety, did you or did you not hear about these allegations from whistle-blowers?

[*English*]

**Hon. Bill Blair:** No, ma'am.

[*Translation*]

**Ms. Nathalie Sinclair-Desgagné:** Okay.

An important point is that Botler AI formally submitted its complaint to the Canada Border Services Agency in September 2021, while you were still Minister of Public Safety. Did Mr. Ossowski or anyone from the agency speak to you, as the minister responsible, about the complaint that had been filed by Botler AI?

[*English*]

**Hon. Bill Blair:** The answer to your question is no.

I would point out that we were in what is often referred to as a "caretaker convention" because of the election campaign. The writ had been dropped in September 2021.

However, I did not have any conversation.... I was, throughout that entire period of time, the Minister of Public Safety, but I did not have any conversation with the president of CBSA, Mr. Ossowski, during that period of time with respect to that issue.

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** Thank you for your direct answers, but don't you think that the minister responsible should normally be aware of major complaints? I am thinking in particular of the whistle-blower Luc Sabourin, who was still having problems with the Canada Border Services Agency. His pension was not paid for years. I am also thinking of Botler AI, which complained about the agency.

I am really putting the question to you, as a senior minister, if I may say so: Don't you think that this should be a ministerial responsibility and that the minister should be aware of this type of information?

[English]

**Hon. Bill Blair:** Yes, if I may be very clear, first of all, I am not the deputy lead of CBSA. That was, in fact, Mr. Ossowski, and that was his job.

However, let me be very clear as well that as a rather senior minister of government, my expectation is that I am always responsible for what takes place within the organizations or agencies under my ministerial authority, but I don't have authority with respect to the personnel matters you've referred to and, unfortunately, at that time, that information was not brought to my attention.

• (1710)

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** As a senior member of your government, you must have noticed that this is something we are now seeing across government, and it is really unfortunate. We are seeing the same thing with Sustainable Development Technology Canada.

The government is losing control of agencies and losing control of what is fundamentally going on in its own departments. We wonder whether ministers are aware of what is happening on a daily basis in their own departments, and it's happening everywhere. In addition, the Department of National Defence unfortunately looks pretty bad in the Auditor General's report. About 50% of actual conflicts of interest—

**The Chair:** Make it short, please.

**Ms. Nathalie Sinclair-Desgagné:** —that the Auditor General found occurred in the Department of National Defence. You mentioned a number of things about conflicts of interest and your regulations, but this is still a rather alarming finding about the Department of National Defence.

What do you think of the Auditor General's latest report, specifically as it relates to McKinsey?

[English]

**Hon. Bill Blair:** Well, first of all, I have never as a minister of government ever directed anyone or authorized anyone to disobey the rules, the very strong, rigorous, appropriate and necessary rules that are in place for the conduct of the business of each of our departments, but when the Auditor General does her very important work in identifying deficiencies in the way that work is being done, it is the responsibility of the minister, in this case, to ensure the departments respond in an appropriate way, as I've already articulated.

I won't waste the committee's time by going over it again. We listened very carefully to the auditor's report, and we've taken action in response to the deficiencies she identified, which I think is my responsibility, and I've shared with this committee that we have acted.

**The Chair:** Thank you, Minister.

Mr. Desjarlais, you have the floor for six minutes. Go ahead, please.

**Mr. Blake Desjarlais:** Thank you very much, Mr. Chair, and I want to thank the minister for being present with us today on what is a really important issue.

Several audits have now come forward to the public accounts committee, not just on ArriveCAN but also more recently on the McKinsey study. They looked at the very large issue of contracting and subcontracting, this shadow network of consultants who are like bugs to a rotting meal in so many ways. They're in this environment, continuously seeking contracts from the government, and at many times even creating massive networks that become layers of subcontractors, layers and layers and layers. Multiple reports, including the ArriveCAN study presented by the Auditor General, suggest that this network has largely been able to take advantage of the PSPC rules. In some instances—there were many cases, actually—non-competitive contracts were awarded.

In your ministry, there have been instances of non-competitive contracts being issued for very large sums. Why would your ministry look at non-competitive contracts in any case?

**Hon. Bill Blair:** There are some limited circumstances—and, as I said, 95% of all of the contracts we sign at DND are done through a competitive process—given the nature of, frankly, the work we do at the Department of National Defence, in which occasionally we have very limited options and there is some urgency to signing contracts. At the same time, that does not abrogate the responsibility for following the rules and being open and transparent. There are some very limited circumstances in which a non-competitive process is the appropriate way to get done what is required.

**Mr. Blake Desjarlais:** I appreciate that, but you'd also have to accept that same truth as being a truth of having to accept the inherent risk of doing a non-competitive contract. Is that correct?

**Hon. Bill Blair:** There is inherent risk, but I think risk has to be managed, and it has to be managed through rigorous adherence to the policies and processes that are put in place.

**Mr. Blake Desjarlais:** That brings me to my next question. If, in fact, there is risk present, what internal checks and balances, especially with regard to the ArriveCAN situation, does your ministry undertake, if any?

**Hon. Bill Blair:** If I may, I think I've actually spent some time going over some of the things we do and some of the things we put in place. I may, because I have an incredibly experienced chairman, perhaps turn to Troy.

**Mr. Blake Desjarlais:** Sure, please do.

Maybe, actually, before you answer, Mr. Crosby, you could also answer one more question, because I know you've been here before on some of this.

The Auditor General's report suggests that some of these contracts—I hope you can comment on this—were also susceptible to security breaches. Are you aware of the Auditor General's report with regard to security breaches, and has the ministry done any work to review any potential security breaches pertaining to any contracts, including competitive ones?

• (1715)

**Mr. Troy Crosby:** I have two answers for the committee on work that's been done most recently, and these are coming out of reviews by the Office of the Procurement Ombudsman, by our internal review services, and most recently by the Auditor General. We're working to strengthen our contract compliance framework.

To begin with, the best way to mitigate risk here is to plan well in advance and to ensure that we have the time to put the right processes and procedures in place, so there's a planning element to this.

Then there's sampling to make sure we're looking across the contracting that we're doing. The Department of National Defence, in any given fiscal year, issues in the order of 145,000 contracts, so there's a sampling approach to doing this. We have a way of looking at higher-risk contracts to ensure we're looking across the board, plus we do some random sampling, and then there's reporting and governance on the performance against those reviews, so that we're continuously learning.

We're strengthening that contract compliance framework and building out the team now, so that we can ensure, in light of what we've learned, that we're going to incorporate those lessons into our policies, our procedures and our training.

**Mr. Blake Desjarlais:** What about, in addition to those enhancements, having a more strenuous and better internal check on these contracts? At any point in the discussions you've had—and this is particularly to Minister Blair—with cabinet officials or other members, have you actually looked at hiring more public servants?

We've seen in the Auditor General's report on ArriveCAN that there's a savings of six to one, that in some instances there were contracts given to private firms when that work could have been done by the public service. That probably hurts a lot of folks in our public service, who know they have the skills and who want to do the work, but it takes the Auditor General to confirm that truth.

To that point, will you confirm or commit to the fact that public servants should be doing the work and that you should just reduce the expenditure on private contracting?

I'll make one last point before you respond. Your former deputy minister, Bill Matthews, was here, and National Defence spent a whopping \$5.1 billion in contracting last year. That was more than double what you paid the public service.

What explanations do you have for Canadians who are concerned about their security and who are concerned about work by the public service and savings for taxpayers?

**Hon. Bill Blair:** I think they're important questions. I've already acknowledged.... I think we have an extraordinary professional public service, and I very much value their work—

**Mr. Blake Desjarlais:** Why not give them the work?

**Hon. Bill Blair:** —and, if I may, some of the professional contracts that Mr. Matthews shared with this committee or a committee previously are for services: for example, the maintenance of certain vehicles or ships or planes. The public service does not have the capability—

**Mr. Blake Desjarlais:** Why not?

**Hon. Bill Blair:** Again, I think it's appropriate to find the best way, the most cost-effective way, of getting the job done, and there are—

**Mr. Blake Desjarlais:** Again, this is not the most cost-effective way, Mr. Blair. With all due respect, it's costing twice the cost of the public service.

**Hon. Bill Blair:** Again, the public service may not have the capability, and I suppose we could—

**Mr. Blake Desjarlais:** You're talking about repairing vehicles. I think they can.

**The Chair:** Gentlemen, that is the time.

I'm going to move on and begin the second round.

Mr. Brock, you have the floor for five minutes.

**Mr. Larry Brock:** Minister Blair, welcome.

Minister, do you know how much the Department of National Defence spent on management consulting contracts last year?

**Hon. Bill Blair:** I don't have that number available to me, but I've got some pretty good people who may have that information.

Go ahead, Troy.

**Mr. Troy Crosby:** Approximately \$73 million.

**Mr. Larry Brock:** That's correct. It's exactly \$73 million.

We asked your department to furnish us with details, and that's the response we got.

Seventy-three million dollars, when men and women of our services are couch surfing and lining up at food banks. Money's not spent on boots and money's not spent on equipment.... There is indeed a morale crisis with our service personnel.

To make matters worse, we learned that Canada, at any given point in time, has enough ammunition to last about three days.

Does that concern you, Minister?

**Hon. Bill Blair:** Yes, of course, and as a matter of fact—

**Mr. Larry Brock:** It should.

**Hon. Bill Blair:** I would refer you to the new defence policy update, "Our North, Strong and Free", which I just released, in which we actually articulated those concerns and the investments that we needed to make.

By the way, the money to do that, to invest in, for example, ammunition production, and to provide the money for long-term contracts is in that document, but it's also in the 2024 budget, so.... I share your concern—

• (1720)

**Mr. Larry Brock:** Thank you, Minister. I have to move on. My time is very limited.

**Hon. Bill Blair:** Okay.

**Mr. Larry Brock:** I appreciate your response.

I have a list of all these middlemen contractors. These are contractors retained by the Government of Canada to ultimately hire professionals.

Surprisingly, one of the entries is SNC-Lavalin, the company that was mired in controversy not too long ago and facing bribery, corruption and fraud charges that ultimately put so much pressure on the Prime Minister and his staff that it led to another conviction on ethical violations. It would probably be the last organization the Government of Canada would want to align itself with, yet SNC-Lavalin got \$115,000.

The question is very simple: Why did taxpayer monies of \$115,000 go to this company?

**Hon. Bill Blair:** Again, I don't know that particular contract, and I don't know whether my officials would have that information, but I'd invite them to provide it if you require it.

**Mr. Troy Crosby:** I don't have the details on that contract. I—

**Mr. Larry Brock:** What did SNC-Lavalin do? You don't have details. You'll provide us with details?

**Mr. Troy Crosby:** I'm not sure of the dates of that contract, but we can look it up.

**Mr. Larry Brock:** It was last year.

**Hon. Bill Blair:** As Troy mentioned, we're talking about an incredibly large number of contracts—

**Mr. Larry Brock:** I have to move on, Minister. I appreciate that.

**Hon. Bill Blair:** —so having particular details of one of them—

**Mr. Larry Brock:** I appreciate that.

I'm looking at this list. There are roughly three pages. There are either corporations, limited corporations.... The identity is pretty much explanatory as to what they do, yet there is one entry for an individual by the name of Melanie Randall. Would she be a Liberal donor or affiliated with the Liberal Party of Canada?

**Hon. Bill Blair:** I have no idea who Melanie Randall is.

**Mr. Larry Brock:** Melanie Randall received \$137,812.49 of taxpayer funds. I know that I want to know and I'm sure all Canadians want to know why a certain individual has received a pretty significant contract. I'd like to know who she is, what she did for the government and what value Canadians have received. Will you provide that to me, Mr. Crosby?

**Mr. Troy Crosby:** Yes, we can do that, Mr. Chair.

**Mr. Larry Brock:** Thank you.

Here's another big one. Pardon the pun, because the name is Big Rideau Leadership Services. Last year, they got \$14,000. Do you know what they did?

**Mr. Troy Crosby:** Not specifically.

**Mr. Larry Brock:** Do you know where they work from?

**Mr. Troy Crosby:** I'm not specifically aware. I've heard of the name of the contractor before.

**Mr. Larry Brock:** Sure. We did a search, and Big Rideau Leadership Services works in a residential area just outside of Ottawa, at 6 Brandy Creek Crescent, likely working out of their home office or basement, just like the infamous GC Strategies.

**Mrs. Brenda Shanahan:** I have a point of order, Chair.

I'm concerned about personal information being given out about individuals. I don't know where this is going.

**Mr. Larry Brock:** It's public domain.

**Mrs. Brenda Shanahan:** We know that Mr. Yeo was a Conservative donor. I don't really see where this is going.

**Mr. Larry Brock:** On that point of order, Mr. Chair, we're going to correct the record once and for all, because both Ms. Shanahan and Ms. Khalid are misrepresenting the evidence that this committee heard—

**Ms. Iqra Khalid:** I have a point of order, Chair.

**Mr. Larry Brock:** I have the floor, Chair.

**The Chair:** I'll hear you in just one second.

**Mr. Larry Brock:** They are both misrepresenting the evidence of Mr. Yeo. Mr. Yeo—

**Ms. Iqra Khalid:** Chair, I'm sorry; I cannot allow those kinds of comments to stand.

**Mr. Larry Brock:** —presented a donor card, not a membership card—

**The Chair:** Okay, thank you.

All right. Remember the translators.

**Ms. Iqra Khalid:** Absolutely not.

**Mr. Larry Brock:** —from the Conservative Party of Canada.

**The Chair:** Okay. Thank you, Mr. Brock. You've made your point.

Ms. Khalid, do you have a point of order?

**Ms. Iqra Khalid:** I don't anymore, Chair.

**The Chair:** Okay.

Mr. Brock, you have literally a few seconds.

**Mr. Larry Brock:** I have one question left.

**The Chair:** You have a few seconds, so no preamble, please. Just ask the question.

**Mr. Larry Brock:** How many millions of taxpayer funds have been shovelled to consultants working out of their basement?

**Hon. Bill Blair:** We don't shovel taxpayer dollars anywhere.

**Mr. Larry Brock:** How much has been paid out to consultants working out of their basements?

**The Chair:** Mr. Brock, your time is up. I heard a response from the Minister.

I'm going to move to Ms. Shanahan for five minutes, please.

**Mrs. Brenda Shanahan:** Thank you very much, Chair.

Moving to the topic at hand, Minister, you mentioned in your opening statement that some new actions around conflict of interest declaration and compliance processes have been put in place for new hires.

Can you or your officials provide us with more details on when those measures will be rolled out across the department?

• (1725)

**Hon. Bill Blair:** It's happening right now. On the training for our public officials, for example, for the people we already have, I'm being told that the answer to this is on tab four. The processes are all being applied. They're being rolled out this month right across the board. We've already begun training for our people to make sure they're aware of the new rules, and the expectation and the mandatory affirmation requirement is going to be part of all future letters of offer. We've put those measures in place now.

The work was done very quickly by the department, because they have had the benefit of the Auditor General's recommendations. I think they've responded quite appropriately to make sure that not only are we maintaining high ethical standards in these procurement processes, but it can be done transparently to be able to assure Canadians that we're being careful with their money.

**Mrs. Brenda Shanahan:** Thank you very much for that, Minister.

I think all members of this committee were definitely seized with the issue of conflict of interest as we understood it. From the testimony that we heard, it was still common practice for members, including members of the Canadian Armed Forces, to do work in a private capacity as well as still work for the CAF. Certainly, the very disturbing testimony that we heard from Mr. Yeo on so many different levels really shone a light on these practices and that they need to be tightened up.

You say that these measures apply to CAF members and, in an earlier answer, you referred to reservists. Could we have some clarity around supervision or monitoring, if you will? I understand that it can be quite fluid, how members move in and out of the CAF and the reserve forces.

**Hon. Bill Blair:** It can be. We're really talking about making sure that those who are in a position of, for example, applying for contracts or approving contracts understand the rules around conflict of interest. I think that's critically important.

By the way, you asked for a date. In May we sent out a new questionnaire to 292 of our procurement members within the materiel group, under Mr. Crosby's leadership, to make sure they're aware of the new requirements and new procedures.

It's not unusual, for example, for members of the Canadian Armed Forces, particularly those who are serving in our reserves, to

have other lines of employment. It's the nature of employment these days. Many people have a number of different occupations.

**Mrs. Brenda Shanahan:** Minister, would that be because they have different specialties or expertise?

**Hon. Bill Blair:** That is possible, but what is never negotiable is where a conflict of interest exists. Where someone may be in a decision-making position with respect to a contract, they should declare their conflict very clearly up front. Obviously, with Mr. Yeo, we had a circumstance where that was not followed and that was not done.

Therefore, we put some additional processes in place. For example, we're putting six questions to every new hire about any potential conflict, not only for themselves, but for family members or any element of their occupation. If the answer is yes to any of those, that then triggers a next round of steps.

It is the responsibility of the employee to declare a conflict, but we're making sure they have all the information they require in the department to make good decisions with respect to managing the risk of any conflict. Some of those conflicts can be mitigated; some of them have to be screened, and some of them would require a complete prohibition of the person from having any engagement in these matters.

We need to get that information from them, and we are prepared to take the steps. I think it's really important that we be able to demonstrate that we are acting quickly to respond to the concerns the Auditor General has raised with us.

As well, I think there's some very important work taking place at Treasury Board. Our department is part of that, but we're not the sole part of it. The government, through the Treasury Board, is also enacting a number of really important measures to ensure the integrity and transparency of all of our procurement processes.

**Mrs. Brenda Shanahan:** Thank you for that, Minister.

**The Chair:** I'm afraid that is the time. Thank you very much.

• (1730)

[Translation]

Ms. Sinclair-Desgagné, you have the floor for two and a half minutes.

**Ms. Nathalie Sinclair-Desgagné:** Thank you, Mr. Chair.

Minister, you say that 95% of contracts are awarded on a non-competitive basis. Can you clarify whether that percentage is concerning the total amount spent on contracts or the number of contracts?

[English]

**Hon. Bill Blair:** Just to be clear, it's the exact opposite. Ninety-five per cent are awarded under a competitive process.

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** Okay. Is that the total amount spent on contracts or the number of contracts?



[English]

**Hon. Bill Blair:** I believe it's the total number.

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** Okay.

[English]

**Hon. Bill Blair:** I'm basing that on advice I just received.

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** When we look at the report on McKinsey, we see that, often, the justification given for awarding a non-competitive contract is that the contract has a low value. In one case, the amount of the contract was less than \$40,000. However, the Auditor General found that a practice that is now becoming more and more common in a number of departments, including National Defence, is that the first contract has a low value, but that subsequently, a number of contracts are awarded and the total amount spent becomes quite significant.

In one of the cases, for example, a first contract worth \$22,000 was awarded, which we agree can be done by mutual agreement. However, three subsequent contracts were awarded on a non-competitive basis for the same service, bringing the total value of the contracts to \$5 million. So the rules were circumvented by saying in the first case that it was a low-value contract, and then awarding a series of contracts, with each involving a small amount of money, but ultimately totalling \$5 million for the same service. Can this type of practice continue at National Defence?

[English]

**Hon. Bill Blair:** First of all, as I said in my earlier remarks, all of the standing offers with McKinsey and all other similar companies have ended. Those standing offers are concluded. We're not going to continue with that.

With respect to the actual mechanics of the procurements you've just spoken to, if I may, I would turn to my colleague, Mr. Crosby.

**Mr. Troy Crosby:** The scenario you've described in your question is a possibility. In some cases, it's justified and genuine that work will reveal the requirement for additional work scope, but they are considered riskier procurements. In our contract compliance oversight framework and with the oversight we're putting in place, those types of contract expansions or continuations would be flagged and require additional oversight.

[Translation]

**The Chair:** Ms. Sinclair-Desgagné, please wrap up very quickly.

**Ms. Nathalie Sinclair-Desgagné:** I don't have time to start another question.

**The Chair:** Okay, thank you very much.

[English]

Mr. Desjarlais, you have the floor for two and a half minutes.

**Mr. Blake Desjarlais:** Thank you very much, Mr. Chair.

Minister Blair, I want to describe to you and paint a picture of a scenario, and you tell me the logical solution to it.

Imagine there's an operable clinic that you're in charge of. At that clinic, let's say there are five health care professionals. Let's say those health care professionals have a lot of work going on. They're feeling like they may be under-compensated for their work. The solution to that, in some people's minds, may be to ensure that their working conditions are fair.

What if it became the recommendation of the person in charge of that place to actually hire a specialized group—another private company—to then sub-hire other persons who could replace the job of one of those health care professionals at a higher rate to fill the vacancy there?

Wouldn't it be more logical in your mind to just better support the public servants who are working there now?

**Hon. Bill Blair:** Let me be very clear: I'm in complete agreement that we need to ensure that we support the public service, who do really important work for us.

**Mr. Blake Desjarlais:** You're saying that, Minister Blair, but the thing is that the situation I painted is a real situation happening under your watch. There are health care professionals on bases right now who are not being paid equitably or fairly. The government's response is too bad, so sad.

They've actually hired a contractor called Calian. Are you familiar with that company?

**Hon. Bill Blair:** I'm not.

**Mr. Blake Desjarlais:** Calian has been asked, as a professional service finder, to then look for replacement workers. Those replacement workers are taking the jobs of health care professionals who are already operating on bases. Worse yet, they're getting paid at a higher rate. They get paid more benefits, get paid over working holidays and have far more access to a work-life balance than those who are in the public service.

Don't you think that's a disservice to the public service? How can they take seriously your claim that you really value them when their jobs are being taken away, subcontracted away to Calian, which is now hiring public sector health workers and bringing them into the private system while we're paying, as taxpayers, a premium? How is that fair?

• (1735)

**Hon. Bill Blair:** First of all, Blake, I'm not familiar with the circumstances you described.

**Mr. Blake Desjarlais:** Maybe your officials are. It's a pretty large case.

**Hon. Bill Blair:** Listen, give me that information, and I'll look into it for you. I think it's really important.

First of all, I have a responsibility. Every member of the Canadian Armed Forces is exempt from the Canada Health Act. It is my responsibility to make sure that we provide them with adequate health care. I want to make sure that we do that—

**Mr. Blake Desjarlais:** Can you commit to ending the contracting of private health care workers away from our public service?

**Hon. Bill Blair:** I don't have that information right now. Please share it with me, and I'll look into it.

**Mr. Blake Desjarlais:** Certainly.

**The Chair:** Thank you. That is the time.

Next up is Mr. Nater for five minutes, please.

**Mr. John Nater:** Thank you, Chair, and through you, thank you to the minister for joining us here this afternoon.

Just to quickly pre-empt the potential Liberal gotcha moment that they may want to share in their next round, when they try to wave around David Yeo's membership card, they would know that Mr. Yeo's membership became dis-active and non-active the moment he ran for a different political party. That's just to try to pre-empt their gotcha moment. It ceased to be active once our party learned of his other party.

Again, Minister, thank you for joining us. First, has the RCMP contacted you directly about ArriveCAN?

**Hon. Bill Blair:** No.

**Mr. John Nater:** Thank you for that.

When your cabinet colleague, Minister Anand, appeared before us on April 18, she was very clear that it was the CBSA that was at fault for the ArriveCAN scandal and for the cost overruns. In fact, in a response to a question from Mr. Desjarlais, she said, "It was because the CBSA did not follow the rules."

Do you agree with your cabinet colleague, Minister Anand, that the CBSA is the federal agency responsible for the cost overruns with the ArriveCAN scam?

**Hon. Bill Blair:** I haven't had the benefit of seeing the information that perhaps Minister Anand has. I'm unable to come to that conclusion in the absence of that information or evidence.

**Mr. John Nater:** You have read the report, though. You've read the Auditor General's report.

**Hon. Bill Blair:** Yes.

**Mr. John Nater:** Would you agree that it was CBSA that was primarily responsible for the—

**Hon. Bill Blair:** I would agree that there were very significant deficiencies in the control of those contracts, but to actually determine.... It wasn't as clear, in the Auditor General's report that I read, as to the assignment of responsibility or blame.

**Mr. John Nater:** You were the minister for a significant period of time as public safety minister...under which CBSA is responsible.

**Hon. Bill Blair:** Yes.

**Mr. John Nater:** Of course, no one can predict the future, but given the benefit of hindsight, would you not agree that there were deficient processes at CBSA that allowed for this app to be developed at a significant cost overrun? Would you at least accept that?

**Hon. Bill Blair:** John, as I tried to make clear earlier, when I was in that position, at no time did I ever authorize anyone in any of the agencies that I was responsible for as Minister of Public Safety to

disobey the rules that were in place. There are well-articulated rules with respect to how these contracts are to be managed. At no time, unfortunately, was I made aware of the deficiencies that the Auditor General did a good job of bringing forward.

I can also tell you that in reading the Auditor General's report, we have fulfilled our responsibilities to act quickly to make sure that the deficiencies are properly addressed, that people are held to account and that we put in place appropriate measures to make sure that it does not happen again.

**Mr. John Nater:** Would you perhaps agree, then, that your officials failed at that point in time? Did Mr. Ossowski fail at that time in properly ensuring that the agency had proper controls in place?

**Hon. Bill Blair:** Respectfully, I don't believe I have enough information available to me to determine that exactly. However, as I've already indicated, the responsibility is primarily that of the deputy head of an agency. There is a level of responsibility there.

I've said as well, as the Minister of Public Safety, as I then was, that I also had the responsibility to ensure, when these deficiencies were identified, that we responded in an appropriate way, that people were held to account and that steps were taken to ensure that we maintained the integrity of those procurement processes.

**Mr. John Nater:** When was the first time you learned of the existence of the company GC Strategies?

• (1740)

**Hon. Bill Blair:** It was when the Auditor General came out with her report. As I've already said, I'm not involved in any of our HR or procurement processes. I don't hire, and I don't authorize or approve any of those contracts.

**Mr. John Nater:** Were you aware, prior to the Auditor General's report, of the concept of ghost contracting? Were you aware of that?

**Hon. Bill Blair:** No, sir.

**Mr. John Nater:** Okay. I just want you to clarify something. In your opening comments, you made a comment about two investigations related to David Yeo's employment and contracting. Am I correct in that there were two investigations—

**Hon. Bill Blair:** That's the information that I understand, from the former deputy minister.

**Mr. John Nater:** Who undertook those investigations? Was it—

**Hon. Bill Blair:** My understanding is they were done within the department itself.

**Mr. John Nater:** Okay. would you be willing to share those investigations with this committee?

**Hon. Bill Blair:** They're not my investigations. The department was doing an internal review of what had taken place and the processes. They investigated those matters.

**Mr. John Nater:** However, it was the Department of National Defence that undertook those investigations. Would the deputy minister be in a position to confirm whether she could share those reports with this committee?

**Ms. Stefanie Beck:** If I could clarify, one of them was with the Public Service Commission, about the external hiring process. Similarly, there was a report on the hiring process from the perspective within the department.

**The Chair:** Could those be shared with the committee?

**Ms. Stefanie Beck:** I believe they can.

**The Chair:** Thank you. We'll look for those.

That's your time, Mr. Nater.

**Hon. Bill Blair:** If I could just make another comment, we also have responsibilities with respect to privacy interests in maintaining the confidentiality of certain measures.

**The Chair:** Yes.

**Hon. Bill Blair:** I'm sure the HR official will advise me of that.

**The Chair:** Very good.

It's now over to Ms. Yip for the last five-minute segment.

You have the floor, madam.

**Ms. Jean Yip:** Minister Blair, it's always a pleasure to see a colleague from Scarborough.

Congratulations to Ms. Beck on your new role.

I want to clarify something from Mr. Nater regarding Mr. David Yeo's Conservative Party membership. It appears that it is an annual membership and was just renewed until May 31, 2025. It seems to me that it's still valid.

I'd like to now ask Mr. Crosby a question.

I would like to turn to the issue of contracting out work, more broadly, at DND. How many contracts does DND enter into, in an average year?

**Mr. Troy Crosby:** Thank you, Mr. Chair. I think I mentioned earlier that it's in the average of 145,000 contracts a year.

**Ms. Jean Yip:** How many of them are the result of an open competition?

**Mr. Troy Crosby:** As the minister was saying, from a volume or numbers perspective, it's about 95% that are competitive.

**Ms. Jean Yip:** Right, and I believe that, Minister Blair, you also mentioned that 5% were non-competitive, and it was because work needed to be done quickly. Is that right?

**Hon. Bill Blair:** If I may, I think there can be a number of valid reasons for pursuing a non-competitive process. Quite clearly, our strong preference is that they would be competitive processes. However, sometimes, through time constraints or because there is only one source of a particular thing that might be required, in those limited circumstances, frankly, the only practical way to acquire either the service or the materiel that we require is to pursue a sole-source contract. Again, our strong preference is to follow a competitive process.

**Mr. Troy Crosby:** If I could add, Minister, there are four exceptions documented in the government contract regulations. We adhere to those exceptions. As the minister mentioned, sometimes there's only one source of supply, oftentimes tied to the ownership of an intellectual property, that we have to respect. On other occasions, there could be an emergency requirement that played out during COVID, where urgency is absolutely top of mind. However, there are four documented government contract regulation exceptions to competition.

**Ms. Jean Yip:** The committee was told last time that DND spends almost \$5 billion every year in contracts. Can you break that down for the committee?

**Mr. Troy Crosby:** I can break it down to an extent. The categories, as I think the minister mentioned earlier, of spending that really represent the bulk of that money—the large dollar values—would be for very specialized activities. For instance, for the design of our new fleets of ships for the navy, that work is coded to “professional services” in our financial systems. Obviously, that is very different to what would be considered management consulting, where earlier we mentioned a roughly \$73-million spend for activities also under “professional services” but specific to management services.

• (1745)

**Ms. Jean Yip:** Given how large the numbers are here, how do you assess value for money in these contracts?

**Mr. Troy Crosby:** Value for money, on an individual, contract-by-contract basis, means the market rate that we're paying is appropriate to the goods or services that we're acquiring. For the most part, as just discussed, we ascertain that through competition and through market pressure. In other cases, we work with our colleagues in PSPC, for instance, and we can make comparisons with what other clients or customers are paying for similar services or goods when there are sole-source requirements because of, for instance, intellectual property limitations on the procurement strategy.

**Ms. Jean Yip:** What happens if we are no longer getting value for money for these contracts? What are the next steps?

**Mr. Troy Crosby:** If, for example, the contractor isn't actually delivering the contracted service or good, the contracts will always have clauses within them where we could work either through PSPC or within our own contracting authorities to terminate the contracts.

**The Chair:** That is the time, Ms. Yip.

I want to thank you, Minister Blair, and your officials for coming in from the Department of National Defence. We appreciate your time today.

I'm going to suspend this meeting for five minutes to allow the witnesses and the minister to exit, and then people can just stretch their legs, and we'll come back in five minutes. The meeting is suspended.

• (1745) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1758)

**The Chair:** All right, I'm going to bring this meeting back into session.

Welcome back.

Mr. Green, I see you've joined us. It's nice to see you again. Thank you for being available and online.

As you all know, we've had a very eventful week, with the tabling of three new Auditor General reports. I'll turn to that in a second.

I want to update the members on this: The commissioner of the RCMP has confirmed his attendance here on June 18. That is something the members can expect. I've called this meeting to bring us up to speed.

Mr. Nater, you have the floor.

**Mr. John Nater:** Thank you, Chair.

I am going to move a motion.

We've had some off-line discussions. I'm open to more off-line discussions, but I think we can come to an agreement.

I'm going to read the motion. It is prepared to be emailed.

**The Chair:** Let me ask you this: Is it something you worked on with the clerk that can be sent out as you begin?

**Mr. John Nater:** It can be sent as I begin speaking.

I want to speak to it after I've read out the motion, just to say a few things. Then we can go from there, Chair.

**The Chair:** Absolutely.

I think Mr. Green is getting in the queue.

It's over to you, Mr. Nater.

**Mr. John Nater:** I'm going to read the motion. I will then say a quick word about some of the conversations we'd be open to regarding some options here.

The motion is as follows:

Given the Auditor General's Report 6, 2024, on SDTC, which revealed "significant lapses in governance and stewardship of public funds" and rampant conflicts of interest among SDTC board members, pursuant to Standing Order 108(3)(g), the committee commence a study on this audit and invite the following witnesses to testify before the House adjourns for the summer:

- (a) Francois-Philippe Champagne, Minister of Industry;
- (b) Simon Kennedy, deputy minister of Innovation, Science and Economic Development Canada;
- (c) Francis Bilodeau, assistant deputy minister of Innovation, Science and Economic Development Canada;
- (d) Paul Boothe, acting chair of Sustainable Development Technology Canada;
- (e) Ziyad Rahme, acting president of Sustainable Development Technology Canada;
- (f) the anonymous whistleblower who appeared at the industry committee on this matter on December 11, 2023;
- (g) Privy Council Secretariat members responsible for appointments;
- (h) Mitch Davies, president of the National Research Council; and

(i) Konrad von Finckenstein, Ethics Commissioner;

and the committee book extra resources as required to accommodate these witness appearances.

That's the motion.

Chair, do you want me to pause for a second, before I offer a few quick comments?

• (1800)

**The Chair:** I don't think so.

I'll check with the clerk to see if they've been able to send it out.

It's gone. Go ahead, Mr. Nater.

**Mr. John Nater:** Thank you, Chair.

We had some informal conversations on this side. I haven't had a chance to run over and speak with Liberal counterparts.

If we come to an agreement on this, I think we could get this done relatively quickly, in terms of both the vote and the study, before we rise for the summer, particularly if there is agreement to host one of these two-hour meetings in our normal time slot. Then, with additional resources, we have a second one-hour meeting. I'm open to suggestions on the day. I know colleagues might have a suggestion about where those extra resources might be. If we come to an agreement on that, I think we could move forward on this fairly quickly.

I'm open to conversations about this. I think the priority would be to try to get this done with these priority witnesses before the House rises for the summer.

**The Chair:** Thank you very much.

I will continue to scan the room looking for people who want to speak on the motion.

Mr. Green, you have the floor.

**Mr. Matthew Green (Hamilton Centre, NDP):** Mr. Chair, this feels a little bit like Groundhog Day. I had a chance to sit in committee with some of the members that are on this committee earlier today, and this one kind of feels like *The NeverEnding Story*, Mr. Chair.

I guess you guys are into your sixth hour, or something like that, today. There seem to be a lot of hours that are piling up in this committee here.

The truth is that I'm keenly interested in asking some really tough questions and seeing exactly what transpired with SDTC. Those who have followed along in the ethics committee will know that to be the case. This is something we've delved into. I'm sure we're going to revisit it, as it tends to be the habit of our Conservative friends to bring these types of motions to all committees they sit at.

In fact, as I referenced, some of those members are here today.

Again, as is well documented in my time on the ethics committee, I am unwilling to support this kind of blank cheque for available resources as necessary. We have 25 members, and we're all very stretched on our committee work. I'm sitting in for somebody, so I'm not willing to commit their time, as they're travelling right now.

What I'd like to do, Mr. Chair, is amend the motion. I support it in principle. As New Democrats, we do support it.

I'd strike out the section on available resources and replace it with "during regularly scheduled meetings".

That's the amendment I'd like to propose. It's very similar to amendments I've proposed at the ethics committee, which these members will be familiar with. It is in keeping with the way we're treating the rest of this session.

I'll say in closing, Mr. Williamson, that we are in the final weeks of this session. This has certainly been on the docket for quite some time, and it's definitely important. New Democrats believe it is important to provide accountability on this file. In terms of its urgency and warranting the ability to meet in extended hours when we're already stretched with our committee responsibilities, I'm not sure that is going to be wise for us.

Something that folks may or may not have taken into consideration is that there's a possibility, in these upcoming weeks, with a pending strike with CBSA, that our airports, travel and all types of things can go sideways over these next couple of weeks, given what's before us.

For that reason, I'm putting forward the amendment to keep it within your regularly scheduled meetings, so that we can deal with it in due course.

Thank you.

**The Chair:** Thank you.

Mr. Green, I'm going to comment briefly, because it's my habit to flag any issues or any kind of scheduling crunch.

I can say right off the top, to inform members, that we do have two open slots. What Mr. Green is proposing is something that the chair can certainly work with if this is the will of the committee.

Thank you, Mr. Green. I'd ask you to put your hand down unless you want to get in the queue again, in which case just keep it up.

I'll turn now to Madame Sinclair-Desgagné.

• (1805)

[*Translation*]

Ms. Sinclair-Desgagné, you have the floor.

**Ms. Nathalie Sinclair-Desgagné:** You mentioned that there were two possibilities. I would like to know what dates you are talking about, since we are supposed to be hearing from RCMP representatives. You could also inform the committee of the dates when they will be available to appear before us.

**The Chair:** As I just said, the RCMP representatives are appearing on June 18. The open slots are on June 13 and June 20.

**Ms. Nathalie Sinclair-Desgagné:** Perfect. Thank you for that information.

I also agree with the principle of the motion, and I will support Mr. Green's amendment.

**The Chair:** Okay, thank you very much.

[*English*]

Ms. Khalid, you have the floor, please.

**Ms. Iqra Khalid:** Thank you, Mr. Chair. I appreciate that.

I really do appreciate Mr. Green's comments, because I think that we need to be a bit more cognizant of House resources and what our next couple of weeks look like.

I do think that we should not be coming back here on a matter that is important but not urgent, as Mr. Green said. Perhaps we can delve into what that amendment looks like in the main motion.

Mr. Chair, with your indulgence, I'm wondering if you can suspend for a bit, while we see what the amended motion looks like.

**The Chair:** I'm going to read it. If there's a will, I will certainly suspend.

In the last line it says, "and the committee book extra resources as required to accommodate these witness appearances."

I'm going to look to the clerk for a little guidance here.

I believe it's being changed to, basically, that the committee sits in its scheduled time.

**Ms. Iqra Khalid:** Again, I'm seeking a little clarification, Chair.

If that's case and that's the wording of the motion as well as the amendment as presented, would that still give you the discretion to call meetings over the summer or unscheduled meetings on different matters?

**The Chair:** I'll just state what the Standing Orders state. This committee can be recalled by members or by the chair. This motion has no bearing on that. My ability to call a meeting is one that is stated in the Standing Orders. This motion, as I read it, is about commencing a study between now and when we rise in the next two weeks. Based on what the amendment to the motion is, it is to sit on this study only when we are designated to sit. By my read, just for disclosure, there are two opportunities to do that, given that we have the RCMP confirmed for June 18.

**Ms. Iqra Khalid:** Just on that then, Chair, would you be able to call a meeting on this same subject matter outside of what is being proposed in this amendment?

**The Chair:** I might have to check with the clerk on that, because I'd like to be guided by...

**Ms. Iqra Khalid:** Would you like to suspend as you—

**The Chair:** I think there's a willingness to talk. I'd like to suspend for a minute to two minutes. Is that okay?

**Ms. Iqra Khalid:** That's fair, Chair.

**The Chair:** We'll suspend.

• (1805) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1823)

**The Chair:** Members, please take your seats.

I'm just going to read the amendment to the motion, which was provided to me by the NDP, just so we are very clear: "and the committee accommodate these witnesses during regular committee meetings."

Just for transparency, I take that as meaning that the meetings would be scheduled on June 13 and June 20.

Ms. Khalid, you had the floor when we last talked. You asked me a question. I'll give you the answer. It's pretty much what I said before. Whether you pass this motion or this motion is defeated, my ability to call a meeting in the summer is in the Standing Orders. I do retain that ability.

You have the floor.

**Ms. Iqra Khalid:** Thank you, Chair.

Are you intending to call meetings over the summer?

**The Chair:** I am not intending to call them. However, I know there have been discussions among the parties. I understand there's some goodwill. I am going to do my best to have us spend as much time as possible in our ridings, and I can truthfully and honestly say I am not intending to call meetings.

Okay. I believe Ms. Shanahan was next.

Mr. Green, I do recognize you, but you're fourth on the list. Is that okay?

**Mr. Matthew Green:** Yes.

**The Chair:** We'll come back to you.

Again, I want to stress that we are debating the amendment to the motion. Instead of asking for extra resources, it is to schedule the time on the 13th and the 20th.

I have Ms. Shanahan, then Mr. Nater and then Mr. Green.

• (1825)

**Mrs. Brenda Shanahan:** Thank you, Chair.

I'll keep it short. I think there were good-faith discussions, and we certainly are in agreement with the amendment put forward by Mr. Green.

**The Chair:** Thank you.

Mr. Nater, go ahead.

**Mr. John Nater:** I will keep it equally short. We also support the amendment.

**The Chair:** Okay. Mr. Green, the floor is back to you.

If there are no interveners, we'll turn to the vote. Of course, I cannot call that vote until the debate has collapsed.

You have the floor, Mr. Green.

**Mr. Matthew Green:** I don't want to waste any of the goodwill, but I will just say that I used to serve on the public accounts committee. I know it's a space that tends to be, when it is operating at its best, less partisan than most, but the practice was always to have a subcommittee that planned meetings. I know that in the ethics committee, we ran into a challenge when the chair took it upon himself, even though it was within the Standing Orders, to call a meeting without any consultation with anybody else, particularly opposition parties. I would just say to you, John, that it didn't go well.

I would encourage, whether it be at this committee or others, the Conservative side, when they're chairing, to understand that without consultation with the opposition parties—in particular, the Bloc and the NDP—that, at least from my perspective, becomes a pretty significant problem.

I will take you at your word that that's not the case, and I look forward to seeing this motion passed so we can go back to our evening.

Thank you.

**The Chair:** Sure.

Since you and others inquired, I will just say that this committee did, at its last meeting, pass and approve the first subcommittee decision, not just during my chairmanship but during the 44th Parliament. That had not been a practice, but we have reinstated it as a working process, and we'll continue to do that.

As you know as well, the reason some of these committees, the oversight committees, are chaired by opposition members is to ensure oversight. That's why the Standing Orders are written the way they are. I believe this chair was occupied by one of your former colleagues.

**Mr. Matthew Green:** That was my predecessor, yes.

**The Chair:** Of course, he was cautious in exercising it, but did so diligently as well.

Clerk, please call the vote on Mr. Green's amendment to the motion.

(Amendment agreed to: yeas 10; nays 0)

**The Chair:** The amendment is passed, and the motion is now modified. The last line now reads:

and the committee accommodate these witnesses during regular committee meetings.

That is the motion as it now stands.

Is there debate, or would you like to turn to a vote?

(Motion as amended agreed to: yeas 10; nays 0)

**The Chair:** If there's no other business, we will see you Tuesday, when we will consider “Canadian Net-Zero Emissions Accountability Act—2030 Emissions Reduction Plan”. On that note, I will adjourn the meeting. We will see you Tuesday.

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