

**Responses to Questions taken on notice  
Standing Committee on Government Operations and Estimates  
Subject Matter of Supplementary Estimates (C), 2022-23  
March 22, 2023**

**Question 1:**

**Mrs. Kelly Block:** According to a November 21 briefing note for Minister Fortier, approximately \$685 million had been paid in damages relating to the Phoenix pay system up to that date, including \$125 million in the preceding year. How much money continues to be set aside to pay for the damages related to the Phoenix pay system?

**The Chair:** I am afraid that is our time. Perhaps you can provide it in writing, or in response to one of our other colleagues here.

**RESPONSE:**

The response to this question will be provided to the committee by the Treasury Board of Canada Secretariat as damage agreements fall under its authority.

**Question 2:**

**Mr. Gord Johns:** As procurement minister, you have the responsibility to adhere to the HUMA report of 2018, which recommended that the Canadian government immediately work to stop using temp agency workers and hire permanent public servants. This report came from actually a Liberal motion, and it was unanimously agreed to. What are you doing to ensure that departments are adhering to these rules and only using temporary workers in these three situations? How much is the government spending on temporary workers? I guess, also, when's the last time you audited departments' use of temporary workers?

**Ms. Arianne Reza:** Thank you very much for the question. We will have to come back in terms of the actual volume of the temporary help services. I can assure you that they're signed off and attested by the client department's CFO to confirm the need is short-term and it's really something that is very precise and needed. They draw down on the tools that PSPC sets up for them to use and then they report in to the department in terms of the use of those tools.

**Mr. Gord Johns:** Mr. Chair, can I ask for the will of the committee to ask them to table those documents? Okay, thank you.

**RESPONSE:**

The temporary help services (THS) supply arrangement (SA) is the mandatory method of supply designed to assist federal departments with their procurement of temporary help for an assignment period that does not exceed 48 consecutive weeks.

There are only three situations in which THS can be used:

- When a public servant is absent for a temporary period of time

- When there is a requirement for additional staff during a temporary workload increase, in which there is an insufficient number of public servants available to meet the requirement
- A position is vacant and staffing action is being completed

Public Services and Procurement Canada (PSPC) is committed to ensuring the proper use of procurement tools, including for professional services.

PSPC provides ongoing training sessions to the contracting staff of client departments, as well as quarterly email reminders on the importance of ensuring proper use of the THS procurement tool with respect to the three situations in which it may be used. This enables them to utilize their own contracting delegations to award contracts. PSPC establishes and maintains a comprehensive sourcing list of pre-qualified suppliers. To ensure the proper utilization of the tool, PSPC has set a \$1M threshold. When exceeded, client departments are required to obtain PSPC's authorization before using THS. Through this approach, PSPC has the opportunity to review client department's requirements in order to confirm that the THS tool is appropriate for their needs. PSPC also provides a service whereby THS procurement experts will review client requirements to determine if use of THS is appropriate. Where PSPC determines that the requirement does not fall under the three situations where THS can be used (as listed above), clients are notified and advised to use another appropriate procurement tool.

While PSPC has not done audits on the use of temporary help. PSPC does conduct routine random sample reviews of client departments' THS procurement files, which serve to highlight and address any procedural issues. Upon completion of the review process, a report is prepared and submitted to the affected client department. This report outlines the findings and includes any corrective actions required, as applicable. Additionally, PSPC meets with the head of the team responsible for procurement within the client departments to review the report and findings and discuss possible mitigation measure or corrective actions.

As a department, in 2021-22, out of the budget of \$9.48 billion, PSPC spent \$2 million on temporary help. In terms of the total amount that the government spends on temporary help, that question would need to be directed to Treasury Board or Canada Secretariat and individual departments as the information is not tracked centrally.

### **Question 3:**

**Mr. Michael Barrett:** Are you able to tell us how many SIG P320s, and those are sidearms that are used by our men and women in the Canadian Armed Forces, have been delivered to the armed forces?

**Mr. Simon Page:** Thank you for the question, Mr. Chair. Unfortunately, I don't have that number this afternoon, but I can get the information.

**Mr. Michael Barrett:** You'd be able to provide it to the committee in writing?

**Mr. Simon Page:** Absolutely.

**RESPONSE:**

The procurement process for the acquisition of Canadian Armed Forces pistols began on February 26, 2021, with a Request for Information. A contract was awarded on September 23, 2022, for the acquisition of up to 16,500 pistols and holsters for the Canadian Army and for other potential users within the Canadian Armed Forces. As per the contract, deliveries have begun and will be completed by the end of April 2023.

**Question 4:**

**Mr. Michael Barrett:** There have been a few start-stops on replacing the LSVW and NHLVWs. They're the workhorse of our land forces. Here in Canada, they're deployed on domestic operations, used in training, were sent overseas to Afghanistan. They're older than some of our colleagues who sit in the House of Commons, and sometimes run for 24 hours a day, for days at a time, and are badly in need of replacement. Sidearms like the SIG P320s are badly needed. Do you know how long it took, the length of time, Minister, for the replacement of the rifles that the Canadian Rangers use?

**Mr. Simon Page:** Thank you for the question, Mr. Chair. Again, I don't have the exact figure for these projects in terms of length and for the selection processes that were run. Again, I will be happy to submit that to the committee in writing.

**RESPONSE:**

The logistic vehicles modernization procurement process for the acquisition of a new fleet of light and heavy logistics vehicles began on February 9, 2019, with an Invitation to Qualify. A Request for Proposal was released to Qualified Suppliers on December 9, 2021. Proposals were received and the Evaluation Phase began on June 1, 2022. It is still on-going.

For ranger rifles, a contract for the acquisition of the C19 rifles was awarded on July 7, 2016. A total of 6,820 C19 rifles were delivered. The contract ended on December 31, 2019.

**Question 5:**

**Mr. Michael Barrett:** The urgent operational requirements that have been identified, with respect to my questions on portable anti-tank missiles and air defence systems.... What's the timeline for those that have been designated as urgent to be in garrison and operational for our Canadian Forces members?

**Mr. Simon Page:** Thanks for the question, Mr. Chair. It's very difficult for me here this afternoon to speak about specific timelines for things that are in motion at the time for which processes are in play and specific reviewing actions are required. We are tracking specific urgent operational requirements in support of DND and those very specific artillery pieces, and those processes are in play.

**Mr. Michael Barrett:** What about 2023?

**Mr. Simon Page:** I would like to take a pass and get back to you with the precise information, if I could.

**Mr. Michael Barrett:** I appreciate your offer to get back to us in writing.

**RESPONSE:**

Soldier Portable Air Defence System: A Request for Information was posted on March 14, 2023, and closed on April 6, 2023. A Request for Proposal is planned for May 2023 with contract award anticipated for February 2024.

Counter Uncrewed Aerial System: A Request for Information for the dismantled solution was posted on March 2, 2023, and it closed on March 24, 2023. A Request for Proposal is planned to be issued shortly with contract award anticipated for October 2023. A Request for Information for the mounted solution was posted on March 24, 2023, closing April 14, 2023. A Request for Proposal is planned for July 2023 with contract award anticipated for March 2024.

Portable Anti-X Missile: A Request for Proposal is planned for fall 2023, with contract award anticipated for December 2023.

**Question 6:**

**Mr. Gord Johns:** The question I tried to finish the other day when we had Minister Anand here, and I asked her if McKinsey, I guess any of the big outsourcing consulting companies, had made any recommendations regarding the number of federal public servants versus the number of contract employees, if they made any recommendations around that. Maybe if they did make any recommendations, did they make any around roles and responsibilities of either personnel category? Can you share with us?

**Mr. Gord Johns:** Outside of McKinsey, is there any consulting companies giving you advice on human resources or on staffing?

**Ms. Arianne Reza:** Not that I know of but we can come back with a more formal answer.

**Mr. Gord Johns:** Okay, that would be great. I guess my concern is it's a conflict of interest if consultants are developing staffing plans and then their job is to create jobs for themselves. I just really believe, and I want to make it clear, especially with you here, that letting consultants develop more and more of this work for themselves needs to stop.

**RESPONSE:**

As a common service provider for the federal government, PSPC's role is to support departments by providing procurement tools to enable them to deliver on their programs.

When PSPC contracts for goods and services, it is overwhelmingly for work that cannot and has not traditionally been carried out by public servants, for example shipbuilding,

construction and renovation work. Contracted services can also be sought to access specialized skills or knowledge, meet unexpected fluctuations in workload, or provide independent verification of a project.

PSPC established procurement tools, such as the Task and Solutions Professional Services (TSPS) and the ProServices supply arrangements, which provide access to an inventory of hundreds of prequalified suppliers and streamlined procurement processes that client department can leverage to complete their human resources consulting needs.

As common service provider, the specific advice provided by consulting firms to client departments are not within PSPC purview. With respect to those deliverables, the client department would be best placed to answer.

PSPC currently has contracts in place to provide human resources expertise in accessibility, recruitment and transformation. PSPC as a department does not use suppliers to make recommendations regarding the number of federal public servants versus the number of contract employees.

### **Question 7**

**Mr. Gord Johns:** I guess my question to you is, given just the recent Desjardins announcement that just even to meet immigration, never mind the housing shortage for Canadians right now, but the immigration levels, we have to increase housing starts by 50% next year. When you're looking at selling properties, are you looking at making sure that there's covenants, that's it's non-market housing? For market housing has never solved a housing crisis anywhere in the world. Are you looking at safeguards and policies that are going to ensure that if those buildings are converted to housing that they are going to be staying in the hands of Canadians and ensuring that it is for affordable housing?

**Ms. Arianne Reza:** Thank you very much for the question. I think we're just at the beginning of this journey. These types of consultations are really key. We're looking at Indigenous consultations, social housing, divestiture, working with federal lands Canada, to see what are the different elements across Canada, how we can optimize it. I think I can take that back in terms what the next steps would be.

### **RESPONSE:**

When disposing of real property, there are two pathways for surplus real property to be converted or redeveloped to drive affordable housing outcomes. One pathway is through Canada Mortgage and Housing Corporation's (CMHC) Federal Lands Initiative (FLI) program, which subsidizes the transfer of suitable surplus federal lands and buildings to selected proponents for the development or renovation of affordable housing that is energy efficient, accessible, sustainable and socially inclusive. The other pathway is through the Canada Lands Company, which supports the inclusion of affordable housing in its projects by meeting or exceeding affordable housing requirements in municipalities across the country.

With regards to FLI, and as part of PSPC's disposal process, PSPC completes a Property Suitability Assessment Tool to assess suitability for affordable housing. Since the inception of the FLI program, PSPC has contributed a number of properties for consideration by CMHC.

For context, the FLI is a CMHC-led initiative that was launched in 2018 with a target of making 4,000 suitable new housing units available to selected proponents over a 10-year period. Currently approximately halfway through the program's mandate, the FLI has disbursed \$65.9 million on projects which will deliver 2,923 residential units, and has allocated another \$55 million for projects in the 2023-24 fiscal year which promises another 1,011 residential units. Almost the entire program target has been achieved with 60% of the budget allocated.

As a minimum, proponents are required to meet these basic criteria:

- 30% of units must be less than 80% of Median Market Rent for a minimum of 25 years
- 20% of units must meet accessibility standards
- Not less than 25% reduction in operating energy consumption and GHG emissions

To ensure that the new owners fulfill their obligations, CMHC includes a number of reporting covenants in its agreement with the new owners. CMHC requires compliance reports which it uses for monitoring performance against the commitments for their full period. The minimum commitment period is 25 years, but some proponents have committed for upwards of 50 years as part of their bids. A forgivable loan, equivalent to the subsidy provided for the property, is registered against the property for the duration of the commitment.

The Canada Lands Company (CLC) is a self-financing federal Crown corporation that specializes in real estate and works with a number of federal real property custodians and has enabled the creation of over 2,000 affordable housing units across Canada to date. It has also provided eight parcels of land across the country for new affordable housing through the CMHC-led FLI with more opportunities in the coming years. Considerations that impact the determination of the actual percentage and number of units of affordable housing on any given project include:

- As a non-agent Crown corporation, CLC must conform to the planning, design and approval processes of each municipality where its projects are located across the country. More and more municipalities set minimum requirements for affordable housing to be included in the development plans for approval.
- Some municipalities require a payment in lieu of affordable housing and, in some cases, CLC is doing both, providing the required payment in lieu and seeking to achieve affordable units within the project.

CLC enables affordable housing in a variety of ways:

- As part of the sales process, obtains commitments for the affordable units by private sector builders through the Agreement of Purchase and Sale.
- Makes land available as part of the FLI program, which is part of CMHC's National Housing Strategy. CLC, PSPC and Employment and Social Development Canada have been partners since the inception of the FLI, a key program to enable the delivery of affordable housing units across the country.
- Makes land available to municipal or not-for-profit affordable housing agencies.
- If a municipal requirement does not exist, CLC seeks to realize a minimum of 20%. In some cases the municipal requirement is higher.