



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Government Operations and Estimates

OGGO • NUMBER 087 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Tuesday, May 16, 2017

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Chair

Mr. Tom Lukiwski

Standing Committee on Government Operations and Estimates

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• (0845)

[English]

The Vice-Chair (Mr. Erin Weir (Regina—Lewvan, NDP)): Colleagues, it's 8:45, so let's get started.

The finance committee has asked our committee to study two clauses of the budget implementation bill that affect Shared Services Canada.

We have three organizations before us. I would invite them to testify for up to 10 minutes each. We'll start with Shared Services.

Mr. Ron Parker (President, Shared Services Canada): Thank you, Mr. Chair.

We're pleased to be here today with the committee on the two clauses. With me are Alain Duplantie, the chief financial officer and senior assistant deputy minister for corporate services; and Graham Barr, our director general for strategic policy, planning and reporting.

[Translation]

Shared Services Canada was established in 2011 to modernize the Government of Canada's information technology infrastructure.

SSC delivers email, data centre, network and workplace technology device services. SSC also delivers cybersecurity and IT security services to the Government of Canada.

SSC is pleased with these legislative amendments. They will help us implement our mandate. They also directly support our minister's mandate letter, in which she is asked to modernize procurement practices so that the practices are simpler and less administratively burdensome.

[English]

Among the advantages, the amendments would help SSC to offset the large administrative burden of the low-dollar-value procurement transactions we currently do for others. As well, they would allow us to focus on the more complex and strategic transactions. This would make it easier and faster for departments to get the IT goods and services they need in order to deliver digital services and programs to Canadians. In short, we think they would provide a win-win solution for SSC and our customers.

Departments would be able to purchase some IT goods and services directly from vendors through SSC procurement vehicles.

SSC will remain the contracting authority for IT goods and services for the Government of Canada. We will continue to set up

the IT contracts and ensure economies of scale. As well, we will continue to perform the supply chain integrity assessments, to ensure that only trusted equipment and software are used in the delivery of key services.

Looking specifically at the amendments, they would result in two separate yet related changes.

First, they would amend section 7 of the Shared Services Canada Act to authorize the minister responsible for SSC to delegate to other ministers the power to procure certain IT items related to our mandate. This could include items such as microcomputer peripherals like keyboards and USB keys, using Shared Services Canada's standing offers.

Currently, departments do not have the ability to procure these basic items on their own, and SSC provides little value added in these transactions. These IT devices would therefore be strong candidates for delegation of procurement authorities to ministers and their departments.

Printing would be another potential area for delegation. SSC is currently in the process of establishing a new method of supply for printers. We aim to put in place three contracts with industry-leading manufacturers. We will establish catalogues of goods and services that have been standardized and verified for security purposes. With the proposed changes, the minister would be able to delegate to departments the ability to buy from these catalogues.

The second change would amend section 9 of the Shared Services Canada Act. This would enable the minister for SSC to authorize another minister to deliver services related to our mandate in exceptional situations where it is more practical, efficient, and financially viable to do so. This addresses the fact that SSC is obligated to provide all goods and services related to our mandate in all locations where the government has a presence.

That's not efficient and, in some particular situations, not very practical. This could apply to embassies, consulates, and defence deployments overseas run by Global Affairs and the Department of National Defence. These departments currently do not have the ability to provide basic IT goods and services to their employees without going through SSC.

• (0850)

[Translation]

Before closing, I also want to explain how we got here.

In September 2015, Order in Council 2015-1071 clarified and expanded SSC's responsibilities related to the procurement of goods and services.

[English]

The intent was to reduce the duplication of procurement efforts between SSC and Public Services and Procurement Canada. It was also to better leverage the purchasing power of the crown by consolidating service delivery and acquisition in one place.

With this order in council, back in September 2015, SSC assumed responsibility for a number of existing PSPC procurement tools, but it didn't have the authority, which this legislation now provides, to delegate low-value purchases to others, the way PSPC could and did. This meant that SSC also assumed the sole responsibility to execute all acquisitions related to the delivery of shared services, including procurements on behalf of departments.

Overall, this resulted in a substantial increase in low-value, high-volume transactions flowing through Shared Services Canada. From September 1, 2015 to March 30, 2017, we processed approximately 24,000 transactions for the procurement of goods and services on behalf of other departments. Approximately 80% of those transactions were below \$25,000.

The amendments we are discussing today would help to offset the administrative burden that SSC is experiencing and provide additional flexibility to SSC in meeting our customers' needs. It would be a lot more efficient for the departments to access these vehicles themselves.

[Translation]

The amendments are also consistent with the delegation of authority provided under the portfolio of Public Services and Procurement Canada. They are based on a proven model that ensures efficiency in procurement while centralizing purchases of higher complexity. As it moves forward, SSC will seek input from its clients regarding the implementation of a potential delegations framework.

We would now be pleased to take the committee's questions.

[English]

The Vice-Chair (Mr. Erin Weir): Thanks very much for your presentation.

We'll go now to the Department of Foreign Affairs, Trade and Development.

[Translation]

Mr. Arun Thangaraj (Chief Financial Officer and Assistant Deputy Minister, Corporate Planning, Finance and Information Technology, Department of Foreign Affairs, Trade and Development): Thank you, Mr. Chair.

My colleague Martin Loken and I want to thank you for the invitation to appear before the committee. It's a pleasure to be here.

I'll make a few brief opening comments, after which I would be pleased to answer your questions.

Global Affairs Canada is mandated to manage Canada's international platform. The platform is a network of 179 missions in 109 countries that supports the international operations of Global Affairs Canada and 37 partner departments, agencies and colicators, such as provincial government representatives.

[English]

We are a 24-7, around-the-globe knowledge organization, where information flows continuously to enable everything that our department does. We depend on a secure and efficient information technology infrastructure, whether it's to promote Canada's interests in the world, to deliver trade and consular services to Canadians, or to provide humanitarian assistance.

A critical element of this mandate is the provision of IT services overseas. Global Affairs Canada fully supports the government's enterprise approach to information technology. Global Affairs works closely with Shared Services Canada to ensure that a secure, reliable IT infrastructure is in place to support our department's employees in Canada and our workforce abroad.

In particular, this includes support and maintenance of Shared Services Canada infrastructure, including servers, networking, secure systems, and email. It also includes local procurement of IT goods and services such as BlackBerrys, telephone lines, and Internet service providers.

• (0855)

[Translation]

Global Affairs and Shared Services Canada share and jointly fund a workforce of over 150 Canada-based and locally-engaged information technology professionals who deliver the majority of these services at missions abroad. This approach has been effective in maintaining service delivery abroad since the creation of Shared Services Canada.

Global Affairs Canada supports the proposed measures in the Budget Implementation Act related to Shared Services Canada. In our view, these are important tools to enable Shared Services Canada to focus on its core mandate and to streamline the delivery of services in challenging international environments. In particular, the delegation of procurement authorities for IT goods and services outside Canada would allow my department to respond more quickly to changing needs at missions abroad.

[English]

We look forward to working with Shared Services Canada to examine how these proposed changes, if enacted, can be leveraged to meet the needs of Canada's international platform.

Thank you, Mr. Chairman. We look forward to your questions.

The Vice-Chair (Mr. Erin Weir): Thank you very much.

We'll now conclude with the Department of National Defence.

Mr. Len Bastien (Defence Chief Information Officer and Assistant Deputy Minister, Information Management, Department of National Defence): Mr. Chairman, ladies and gentlemen of the committee.

[Translation]

I'm pleased to be here this morning to answer your questions.

[English]

I'm pleased to be here to take your questions on behalf of National Defence and the entities we represent in collaboration with our colleagues from Shared Services Canada. We'd like to support them in their endeavours to continuously improve the overall enterprise approach in the IT service delivery, and ultimately to the end user experience of our folks. We'll be glad to take any of your questions.

The Vice-Chair (Mr. Erin Weir): I appreciate the testimony.

We'll now go into questions from the committee. My intention is to get through a full seven-minute round.

I should also mention to committee members that my intention is to ask the NDP's questions from the chair. We're in an unusual situation where both our chair and the other vice-chair are absent, and there are no other New Democratic MPs on the committee.

Mr. Kyle Peterson (Newmarket—Aurora, Lib.): Does that have to be unanimous?

Some hon. members: Oh, oh!

The Vice-Chair (Mr. Erin Weir): If it's not unanimous, let me know.

Mr. Kelly McCauley (Edmonton West, CPC): What makes it more difficult for the Chair should be the questions that we're asking here. We're fine with it.

The Vice-Chair (Mr. Erin Weir): It's a good criterion.

We'll begin with Mr. Whalen.

Mr. Nick Whalen (St. John's East, Lib.): Thank you, Mr. Vice-Chair.

Thank you all for coming today at the request of the finance committee, as well as our committee.

When you read the proposed amendments, obviously they don't flesh out some of the detail you've provided, Mr. Parker. Can you elaborate a little more perhaps on the advice that you might have provided to the minister regarding the forms of delegated authority? What sort of limits are there going to be on them? When you focused on the number of \$25,000, was that a cap you've recommended the minister include in her delegated authority under proposed section 7.1? Are there other constraints? Based on your advice, is it going to require that they only be purchases under existing standing offers?

Mr. Ron Parker: On the latter point, I would expect that the vast majority would be under standing offers because those goods and services have gone through the supply chain integrity check, and they are secure and trusted in that event. In the broader frame, I think you've described well the questions we have to sort through with our partners. I expect that frame to vary at least somewhat across the partners, depending on their needs, as well as SSC's requirements. We have yet to sit down with the partners to work through the entire

framework to elaborate. Our priority was to get their legislation articulated into the budget implementation act, and we will be following up in the weeks ahead to take on those types of issues, Mr. Chair.

Mr. Nick Whalen: Clearly, in some changes like this, the devil will really be in the details. Maybe this is a question for all departments. I'll leave aside section 9 for a moment.

What are your expectations at National Defence of the level of delegated authority that should be expected in order to realize the efficiencies at Global Affairs Canada?

Maybe, Mr. Parker, you could also speak to some other departments that may require less or more authority to achieve the efficiencies you've talked about.

Mr. Thangaraj.

● (0900)

Mr. Arun Thangaraj: When we've looked at the potential impact of this, we're looking at standard goods. For us, the efficiencies would involve our ability to roll those out in a timely manner. We work very well with Shared Services Canada. The current procurement process is an additional step. By using established and pre-competed standing offers, it allows us to select.... Take, for example, a keyboard, that's a fairly standard device, and to—

Mr. Nick Whalen: You don't anticipate wanting to use this authority for something larger, like specialized software applications, or anything like that?

Mr. Arun Thangaraj: No.

Mr. Nick Whalen: Mr. Bastien.

Mr. Len Bastien: Thank you, Mr. Chair.

For us, OIC 0958 in 2012 defined exclusions. The biggest area for us is our deployed operations. We support deployed operations under those exclusions. A lot of our capabilities for procurement are satisfied by that. It's not a big change for us, from a deployment aspect. In Canada, however, I can see this being of great advantage to the end users, and the service they're going to be able to get will be a lot more efficient and expeditious, I believe, just because the delegation of authorities will release the organizations to be more effective. I think that's....

Mr. Nick Whalen: Mr. Parker.

Mr. Ron Parker: I'll just make one point, and then I'm going to ask Mr. Duplantie to respond.

For the most part, software acquisitions are not part of our mandate. Specialized software is not on the table. This is about hardware and goods and services related to the delivery of IT infrastructure.

Alain, do you have any other thoughts?

Mr. Alain Duplantie (Senior Assistant Deputy Minister and Chief Financial Officer, Shared Services Canada): Certainly.

If we go back to the point in time when SSC took over the expanded mandate, in September 2015, Public Services and Procurement Canada had a number of standing offers and supply arrangements for departments to avail themselves of microcomputers, printing products, scanning products, and the like.

When the authority or the mandate transferred over, we did not have the authority to have the powers of the minister delegated to others. While previously departments could contract directly from vendors where the standing offers had been established, all their transactions then had to come through SSC in order to go to those same standing offers.

In the first instance, we want to tackle the low-hanging fruit. Where standing offers currently exist, or in the instance that Mr. Parker articulated in his opening remarks, a new contract for printing services, those would be opportunities available to departments. It would be more efficient on their end.

Mr. Nick Whalen: Thank you. I have one more question.

In proposed section 9.1, this seems like a broader mandate for international operations. If I understand correctly, Mr. Bastien, for deployed operations, DND already has sufficient authority to make its acquisitions.

However, Mr. Thangaraj, is there some requirement for Global Affairs Canada to have additional acquisition authority outside of Canada? Have you run into trouble over the last year and half with respect to the acquisition of cellphones, and whatnot, for use in the field?

Mr. Arun Thangaraj: Most of those acquisitions that we do internationally, we do jointly. For example, for BlackBerrys in the field, we have done that jointly with Shared Services Canada.

I think what we will be looking at, as Mr. Parker said, is where it's practical or efficient, or where there's a financial benefit to us, could we be doing some of those services internally?

Mr. Nick Whalen: Has there been any advice provided to the minister on what the scope of the delegated authority under proposed section 9.1 should be at this point?

Mr. Arun Thangaraj: No, not at this time.

Mr. Nick Whalen: Okay.

How much time do I have left? I have another question.

The Vice-Chair (Mr. Erin Weir): You have about 10 seconds.

Mr. Nick Whalen: Oh, well.

Thank you very much. It was very enlightening. I'm sure my colleagues will get to my remaining questions in the next 53 minutes.

The Vice-Chair (Mr. Erin Weir): Thank you.

We'll now go to Mr. McCauley.

Mr. Kelly McCauley: Thanks, gentlemen.

Mr. Parker, welcome back for the 20th or 30th time.

Do you think the changes you were talking about regarding keyboards, and so on, will be rolled out to every department throughout the government, or will this just be a matter of, as

requested by Service Canada, or as requested by Natural Resources Canada? Is it going to be a blanket exemption?

It seems silly to do it just for some. It's not going to increase your efficiency if only half of them are doing it.

● (0905)

Mr. Ron Parker: I think the starting point we have is the model that Public Services and Procurement Canada had when they were responsible for these procurements. I don't know if every single department has the delegated authority, but to me it makes sense to have an approach or a framework that applies to all customers.

Mr. Kelly McCauley: Would that be the model?

Mr. Ron Parker: That would be the model that I would expect.

Mr. Kelly McCauley: Okay.

Will you develop, then, a list of suggested low-value items that you'll push off to those departments? We mentioned keyboards, but what else? Will you give them a whole set of things and say, "This is it; goodbye"?

Mr. Ron Parker: I expect this to be a conversation with the departments. There will be a standard set of goods and services—for example, keyboards, mice, USB keys, and printers—that would apply to the departments and that we would suggest to them and have a discussion around. There might be other types of goods and services that a particular department would be interested in as well. That's part of the development experience that we still have to go through.

Mr. Kelly McCauley: Do you expect it will be developed over time?

Mr. Ron Parker: Yes.

Mr. Kelly McCauley: Okay.

Will they still use your existing supply chain and your procurement system?

Mr. Ron Parker: They will use the standing offer supply arrangements available to them and access the vendors directly; they will not need to go through SSC to execute on the acquisition itself.

Mr. Kelly McCauley: Okay.

Do you expect this is going to save you a lot of time, or free up people to do other procurement work?

Mr. Ron Parker: That's the intent. There are 24,000 transactions of \$25,000 or less, which is an immense volume. There were no incremental personnel provided when these responsibilities were transferred to Shared Services Canada, so it's quite a crushing load for the folks who are in this field.

Mr. Kelly McCauley: Do you expect that in the conversation an item may come up from a department saying, "We want to start purchasing this on our own", and that you will say, "No, that has to stay with us" for security or other reasons, or is the intent just to push as many regular items off to them as possible?

Mr. Ron Parker: I expect it would be the regular items. We engage in conversations with departments on an ongoing basis, and if there is a particular good or service that they require, we would initiate a conversation with them to begin an acquisition process, if it isn't already available through a supply arrangement.

Mr. Kelly McCauley: Has this idea been in the works for a bit, or are we starting from scratch here?

Mr. Ron Parker: Mr. Chair, the thinking behind this dates back into 2015.

Mr. Kelly McCauley: You're pretty well prepared, then, for rolling out, once this passes, are you?

Mr. Ron Parker: The actual thinking around the legislation goes back for... The precise framework is still to be determined department by department. We have to engage with the individual departments to make sure that their needs are understood and covered by any recommended delegations.

Mr. Kelly McCauley: Okay.

Mr. Thangaraj or Mr. Parker, clause 114 talks about "in exceptional circumstances", but Mr. Thangaraj, you were referring to keyboard purchases. I understand, but I'm trying to understand how a keyboard would be an exceptional circumstance. Is the intent to take advantage of the new section 7 and the exception—?

Mr. Arun Thangaraj: Section 7 would be for the keyboard. I would be—

Mr. Kelly McCauley: What would be considered exceptional circumstances, then?

Mr. Arun Thangaraj: It's really our international operations. We would look at where it makes sense, where there are certain things that we could do for ourselves internationally, for which—

• (0910)

Mr. Kelly McCauley: Such as? If I'm reading it right, I assume these would all be one-offs that the minister would have to approve each time, if it's an exceptional circumstance. I'm curious what that would cover.

Mr. Arun Thangaraj: The way we see this unfolding is that we would work with Shared Services Canada to look at all of the scope of services we do internationally, whether it be support or anything like that, and decide with that range of services what we would do and what Shared Services Canada would do.

Mr. Kelly McCauley: But what would you consider under this item as an exceptional circumstance? Mr. Parker, maybe you can answer what would be considered an exceptional circumstance.

Mr. Arun Thangaraj: For example, for an Internet service provider locally in one of our missions, the contract right now would go through Shared Services Canada. We would look to see whether it makes sense in those local circumstances for us to do the negotiation for that.

Mr. Kelly McCauley: Who would oversee security for such an item or such items? Obviously we have something in place right now.

The reason I bring it up is that at a previous committee meeting about a month ago it came up that either someone in the U.S. or someone at one of the embassies walked across the street and bought a USB that had been pre-infected by the Russians. If we're all of a sudden passing it off to embassies, etc., who is looking after the security?

Mr. Arun Thangaraj: I'll let Martin answer.

Mr. Martin Loken (Chief Information Officer and Director General, Information Management and Technology, Department of Foreign Affairs, Trade and Development): Each department has responsibility for the IT security of their end user devices. In that function we follow overall Government of Canada guidance, which is set by colleagues in Shared Services Canada and other key players. We would accordingly continue to follow the guidance that the government has set out for IT security.

The Vice-Chair (Mr. Erin Weir): Thank you.

Now we'll go to the "NDP" for seven minutes, as I mentioned at the start of the meeting.

Mr. Kyle Peterson: Who's timing this?

Some hon. members: Oh, oh!

The Vice-Chair (Mr. Erin Weir): Our committee has previously heard about purchases of routine items such as keyboards and USB keys, and I certainly appreciate why Shared Services Canada wouldn't want to spend a lot of time processing these routine, low-value transactions; however, I wonder whether there might be cost savings from bulk purchasing and having all of those items purchased by one entity.

Mr. Ron Parker: Mr. Chair, thanks for the question.

There absolutely are, and that's part of establishing the framework that we need to have in place. We need to look at the grouping of the various commodities to assess the scope for the discounting associated with bulk buys. That's one factor through which we very much have realized savings.

This is part of deciding. Not all of those commodities, however, benefit from bulk buys. The balance, I think, will be the bulk buy versus the efficiency that may come to a particular department from the timeliness of getting a set of goods and services.

We will have to go through these, commodity grouping by commodity grouping, to do the assessment. It won't be the same for every single department that takes services; it will be different. That's why I'm talking about the need for that consultation.

The Vice-Chair (Mr. Erin Weir): Right.

Now, today and previously, keyboards and USB keys have been used as examples. Would those be commodities that benefit from bulk purchasing or less so?

Mr. Ron Parker: I'm going to check with Mr. Duplantie. I'm not 100% sure on that one, Mr. Chair.

Mr. Alain Duplantie: Mr. Chair, typically in the basket of hardware we refer to desktop micro-computing, be it for mobile work stations, laptops, tablets, and the like, or peripherals—monitors, keyboards, external or internal storage devices, printing products, scanners. That's the kind of basket of goods we're talking about.

There's one area in which we have been able to generate some savings, and it's in the area of micro-computers, desktop computers. Cornered with the consolidation mandate, we established in consultation with the industry a web page, for our partners and clients to view possible products and for us to gather and aggregate the demand. Wherever we've been able to generate a substantial volume of demand, we've benefited from fairly substantial discounts, taking into account industries' timelines to deliver when they're looking at just-in-time delivery and not wanting to stock up too much.

These realities we need to consider in the framework in the model. Is the trade-off whereby we would provide a department with the ability to contract directly from a vendor a sufficient advantage administratively as an offset to the financial savings arising from the volume discounts? That's part of the equation we have to contemplate.

• (0915)

The Vice-Chair (Mr. Erin Weir): I'd like to shift from these routine purchases to the exceptional circumstances in which the minister could allow a department or agency to make IT purchases outside of Shared Services. We've touched on offices outside of Canada. Are there other exceptional circumstances that come to mind?

Mr. Ron Parker: Mr. Chair, it may be the case—for example in remote locations within Canada—that Shared Services may not have feet on the ground to provide the service that a partner would require. That's another type of example we would look at.

The Vice-Chair (Mr. Erin Weir): Some federal entities, including Parliament itself, were deemed to be so unique in their needs that they should not be part of Shared Services' bailiwick. We've heard from the former head of Statistics Canada, who felt that his organization should be allowed to purchase IT outside of Shared Services in order to fulfill its mandate and maintain its independence. Would these provisions allow the government to address those kinds of situations?

Mr. Ron Parker: Mr. Chair, the special circumstances around the House of Commons—Parliament, the agents of Parliament, and the judiciary—revolve more around the separation of the levels of government than the responsibilities. That's quite a different situation.

In terms of a department, the intent is not to use this as a vehicle to avoid taking services from Shared Services Canada, except in exceptional circumstances where it's more practical and more efficient. The minister has the discretion to come to those judgments, and I expect it will vary on a case-by-case basis.

In independence, every department has a vertical accountability, and in the establishment of Shared Services Canada providing the service horizontally across government is implicit. We're doing that well with the partners.

The Vice-Chair (Mr. Erin Weir): The point is certainly well taken that how these provisions are used will depend on the minister's discretion, but your sense is that the goal would not be to use them to address the concerns raised by Wayne Smith.

Mr. Ron Parker: The intent is to provide the scope for the minister to come to judgments in truly exceptional circumstances.

For me the suggestions around Statistics Canada are the normal course of business.

The Vice-Chair (Mr. Erin Weir): Thank you.

The NDP is out of time, and we'll go now to Mr. Peterson.

Mr. Kyle Peterson: Thank you, Mr. Chair.

Thank you, everyone, for being here this morning.

All of you indicated in your testimony that you remain committed to the overall enterprise approach that obviously is part of Shared Services Canada's mandate and is really its *raison d'être*, to be quite frank. Does delegating some of Shared Services' authority and having other entities making these decisions take away from that overall enterprise approach?

Mr. Ron Parker: Mr. Chair, to me this is a practical acknowledgement of the needs of our customers and a spot where we can improve the efficiency of delivery to our customers. It's not at all intended to take away from the enterprise approach but to address the circumstances in which the enterprise model itself is at the wholesale level—and these are getting into the delivery of a set of services at a retail level.

• (0920)

Mr. Kyle Peterson: I want to elaborate a little on the numbers you threw out there, Mr. Parker. The way you look at them, I think you could have classified them as low-value, high-volume transactions, in that you used \$25,000 as the threshold. Do you see that as an appropriate threshold when we're fleshing out the details, if this should come into force? Is the way of looking at what you should and shouldn't be doing a money threshold?

Mr. Ron Parker: Mr. Chair, I think we'll have to look at a number of factors when studying the thresholds. At the heart of it, you want to get to the risk associated with the acquisition of those goods and services. Monetary thresholds are one kind of indirect proxy for assessing that, but not the only factor we'd want to take into account. Also, I would expect it will vary by the degree of capability of the entity taking on the responsibility.

Mr. Kyle Peterson: Are these smaller transactions inefficient because fixed costs are associated with every transaction, regardless of the dollar value? Is that part of the reason the high-volume, low-cost transactions are inefficient for your department to implement?

Mr. Ron Parker: Mr. Chair, for us the efficiency issues arise through.... Because it is centralized, all the orders come in to a pretty small group of individuals and team members to deal with. They cannot deal with that volume of transactions on as a timely a basis as when it would be on a distributed basis.

Mr. Kyle Peterson: Thank you for that.

I want to turn to both Global Affairs and National Defence. I will ask the same question of both of you.

The goal of this, obviously, is to increase efficiency in procurement and its process, but of course, everyone depends on not just efficiency but also secure IT infrastructure. Do you see this as undermining the security of the infrastructure in the name of efficiency?

Mr. Martin Loken: Mr. Chairman, I wouldn't. The reality is that the vast majority of the IT equipment at our embassies and consulates abroad is already procured in Canada and is subject to the existing supply chain integrity steps that SSC takes. In these small, edge cases abroad in which this proposed legislation could provide the flexibility for Global Affairs Canada to do certain procurements, we would, as I mentioned earlier, continue to operate under the overall security guidance set for us by the Government of Canada.

Mr. Kyle Peterson: Okay.

Mr. Bastien.

Mr. Len Bastien: Thank you, Mr. Chair.

I would concur. As Mr. Loken indicated earlier, we are still accountable for the security within our departments from an IT perspective at the end-user device level, and these peripherals would fall into that category. We'd be as passionate about making sure they're safe and secure as we would be from wherever we procured them. I think it would simply allow us to be more reactive and perhaps even more expeditious in our reaction to the issues. I don't see it as creating any more risk.

Mr. Kyle Peterson: Okay, thank you.

Mr. Parker, one of your directors general, Mr. Breton, testified at the finance committee, last week, I believe, and part of his testimony included a discussion of an overlap between the mandates of Shared Services and Public Service and Procurement Canada—part of the reason, perhaps, why this is necessary—and of its leading not only to inefficiencies, but also to confusion in the supplier community.

Can you elaborate on the way in which that confusion might have manifested itself and on any negative consequences that arose from it?

Mr. Ron Parker: Mr. Duplantie will take the question, Mr. Chair.

Mr. Alain Duplantie: Thank you for the question, Mr. Chair.

I read his comments, and my interpretation of his message was that Monsieur Breton was making reference to the situation before the shift in mandate. SSC had received a mandate to deliver IT, email, network, and data centre for the enterprise, but before the September 2015 OIC, workplace technology device responsibilities remained with PSPC, leaving the industry to wonder, when looking for IT peripherals as related to IT contracts, which organization to deal with, PSPC or SSC.

The clarification of the mandate that came by way of the OIC in September 2015 brought that remaining part of the mandate into SSC and provided a more stable source of supply for the industry to deal with, and clarity for our partners and clients as well.

• (0925)

Mr. Kyle Peterson: Okay, thank you.

Do I still have some time?

The Vice-Chair (Mr. Erin Weir): You have 30 seconds.

Mr. Kyle Peterson: Well, I don't think there's enough time for a good question and answer, so I want to thank you for your comments and thank you for being here.

The Vice-Chair (Mr. Erin Weir): Thank you.

My suggestion is that we'll now have a five-minute round from each side, and then will take a few minutes at the end to see whether, as a committee, we can come to a consensus about these provisions of the budget implementation bill.

Mr. Clarke.

[Translation]

Mr. Alupa Clarke (Beauport—Limoilou, CPC): Thank you, Mr. Chair.

Hello, gentlemen. Thank you for being here this morning.

I want to talk about some of the amendments proposed through the omnibus Bill C-44, which implements Budget 2017-18.

On August 4, 2011, we wanted to consolidate all the government's technological services and procurement, including computers, USB keys or other things of that nature. Unless I'm mistaken, I would say that clause 113 of the bill, which will replace section 7 of the Shared Services Canada Act, aims to deconsolidate what we wanted to consolidate, to a certain extent. Am I mistaken, or is that what's going on?

[English]

Mr. Graham Barr (Director General, Strategic Policy, Planning and Reporting, Shared Services Canada): Thank you for the question.

Yes, when Shared Services Canada was created, it was the idea, and it remains so, to consolidate and standardize the delivery of IT services. The amendment to section 7 of the Shared Services Canada Act does not in any way undo that desire to consolidate. As has been previously mentioned, it merely mirrors an almost identical section in the Department of Public Works and Government Services Act, which ensures that the management of the procurement is consolidated but that access to the various procurement instruments can be done by the individual departments, because that's the most efficient way to do it.

[Translation]

Mr. Alupa Clarke: Why wasn't this done in 2011? Is there a particular reason?

[English]

Mr. Graham Barr: In 2011, Shared Services Canada did not have the mandate for what we call “workplace technology devices” or end-user devices, that is, the peripherals that my colleagues have been talking about. We received that mandate through a subsequent order in council in the year 2013. The years 2013 to 2015 were the period of confusion that my colleague Mr. Duplantie spoke about. In 2015 we got the mandate for the procurement of the workplace technology devices, but we did not have the power to delegate back to departments the ability to access our procurement vehicles.

[Translation]

Mr. Alupa Clarke: That's fine. Thank you.

As of 2017-18, \$77.4 million will be provided over five years to strengthen cybersecurity. Can you tell the committee exactly what actions will be taken using the money to strengthen cybersecurity?

Mr. Ron Parker: I think you're talking about the funds in Budget 2016. These funds have been allocated to strengthen the Government of Canada's network perimeter and its ability to analyze the vulnerability of IT systems. Another initiative is anticipated, namely, investments in identity management systems. These are the largest investments that will be made.

• (0930)

Mr. Alupa Clarke: This past weekend, a fairly massive global cyberattack occurred. I suppose that, over the weekend, people from the department needed to be ready to respond to make sure all the government's equipment and Internet services were protected.

Is there an emergency response team that we can call 24 hours a day? I suppose so. In that case, what has been done in the past 48 hours to analyze whether everything is running smoothly on the government's side?

Mr. Ron Parker: We were very active during this incident. When a vulnerability was detected, we started checking to make sure all the systems had received a Microsoft security patch. Over the rest of the weekend, we checked to make sure that all the necessary changes had been made correctly and that the changes had worked. To date, we haven't detected any issues in our systems resulting from the incident.

Mr. Alupa Clarke: As a senior government official responsible for protection and Internet security, you're surely familiar with the entire Canadian network and all the related security measures.

When it comes to the security of our electricity systems, including our nuclear, coal or hydroelectric systems, are we ready to respond to threats of massive global cyberattacks?

Mr. Ron Parker: This issue is not Shared Services Canada's responsibility. The issue is Public Safety Canada's responsibility and falls under its mandate.

Mr. Alupa Clarke: Okay, that's fine.

I have one last question for you.

You conducted consultations online using a portal, and you received 2,500 suggestions for how to improve your services and find new solutions for persistent issues. What are the persistent issues, exactly?

[English]

The Vice-Chair (Mr. Erin Weir): I think we're just a bit over time here.

Mr. Alupa Clarke: One problem, please.

The Vice-Chair (Mr. Erin Weir): We may have to come back to that later.

We will now go to Mr. Ayoub.

[Translation]

Mr. Ramez Ayoub (Thérèse-De Blainville, Lib.): Thank you, Mr. Chair.

Thank you, gentlemen.

From what I understand, one of the proposed changes is to improve the process for placing orders involving smaller amounts. This would be done in each department. In the past year and a half or so, 24,000 orders have been placed. Currently, each department carries out a selection process or determines its own needs, then passes over the orders so that you can follow up on them.

Do you think changing the process will result in any savings for your department? Will jobs be relocated, and will people do other things?

[English]

Mr. Alain Duplantie: We are just beginning the analysis of the opportunities that will be available to us. The preliminary surveys identified that, by redirecting departments to existing standing offers, that alone would allow us to redeploy three full-time personnel to other procurement endeavours. That's strictly using existing standing offers, not other supply arrangements and other opportunities that may be available to us down the line.

[Translation]

Mr. Ramez Ayoub: Have you implemented or planned to implement a way to identify orders and to make the purchase price lower than the cost of doing business directly with Shared Services Canada?

[English]

Mr. Alain Duplantie: Sure. We operate with three methods of supply: contracts, including task authorizations; standing offers, which are situations in which a vendor will commit to a certain price point over a period of time for specified goods and services; or supply arrangements, which provide a broader framework where there isn't quite the level of specificity of understanding of detail at the outset. Therefore, this vehicle provides an opportunity for solicitations directly by the requesting department to the suppliers, but within a framework that's already been devised.

In both the cases of the standing offers and the supply arrangements, there are no existing contracts. Neither party is bound or is—

• (0935)

[Translation]

Mr. Ramez Ayoub: I want to clarify my question. I have only a few minutes.

Earlier, keyboards were discussed. For example, if a keyboard costs \$10 somewhere and you can provide it for \$5, I suppose there's a process that requires people to purchase the \$5 keyboard through your department. Is there one?

[English]

Mr. Alain Duplantie: The concept would be that Shared Services would establish, in one instance, a standing offer, known price points, known articles, or known services from which departments could then avail themselves and contract for those various articles or services. In the case of standing offers, the price points are predetermined and they are deemed to be acceptable to Shared Services. Where there is less specificity on the requirement and where supply arrangements are contemplated, there would be a solicitation, but within the framework that Shared Services would have established.

[Translation]

Mr. Ramez Ayoub: In the departments, has a maximum contract duration been established? Is a department required to not accept a contract for a period of over one year, two years, three years or five years, for example?

[English]

Mr. Alain Duplantie: If it's a standing offer, you're simply calling up for goods and services. If it's a supply arrangement—perhaps there is a service supply, for example—the terms of the supply arrangement will dictate the maximum duration over which that could take place, and that may fluctuate.

[Translation]

Mr. Ramez Ayoub: Is there a shared desire to change the legislation? Where did this request come from? Who took the initiative to ask for the changes?

Mr. Ron Parker: Are you talking about all the changes?

Mr. Ramez Ayoub: Yes. I'm talking about all the changes, in general.

Mr. Ron Parker: It came from Shared Services Canada. Changes in responsibilities were made in 2015. Since then, we've wanted the legislation changed.

Mr. Ramez Ayoub: Thank you.

[English]

The Vice-Chair (Mr. Erin Weir): I understand there may be some other questions on the government side and I did allow the Conservatives an extra minute, so go ahead, Ms. Shanahan.

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): I just want to clarify this, because I can understand.... When I was a banker taking in loan applications, it was just as much work to do a loan for \$1,500 as it was for \$150,000 or \$1.5 million. Well, maybe it was a little more work for the latter. However, it certainly was the same type of work, so I can understand that the desire to reduce that workload for ordinary purchases and to be more nimble in response to the special needs of departments is very important. Can we understand then that the application of these changes to the existing legislation will indeed reduce the workload, because right now, is the workload really double what it should be and we'll be able to reduce it?

Mr. Ron Parker: Alain.

Mr. Alain Duplantie: Thank you for that question.

We will reduce the workload in this sense. Departments currently package their transactions and send them to a single choke point, where they have to be entered into the system to be called up from a supply arrangement or a standing offer. That step of moving the requisition to Shared Services would be skipped. A department would be able to go directly to the vendor on supply arrangements or standing offers that have been set-up in the first instance by Shared Services.

Mrs. Brenda Shanahan: Okay, very good.

The Vice-Chair (Mr. Erin Weir): Nick, did you have something to say?

Mr. Nick Whalen: Yes.

In terms of our business of supply and where we see the funds flowing in our estimates and then in the public accounts, my understanding of the way it works now is that a department makes an acquisition request; Shared Services Canada makes the acquisition on their behalf; there's some type of a monetary transfer; and then it shows up in the numbers of Shared Services Canada for the year.

If we make this change, will it mean that the individual device purchases, the technology purchases, by government will show up in the individual departments for purchases under \$25,000 and will no longer show up under Shared Services Canada?

● (0940)

Mr. Alain Duplantie: All of these low-value transactions are actually disbursements by departments that don't show up in the SSC's expenditures and public accounts.

If we go back to the 2014-15 main estimates, Shared Services' reference levels were increased by almost \$96 million—and that was for the core software application area specifically. Workplace tools, the security software that's on desktops, PDF readers, and the like, all of the optional hardware that we've talked about today, are at the disbursement of departments.

Mr. Nick Whalen: So there's no change?

Mr. Alain Duplantie: Correct.

Mr. Nick Whalen: Okay. Great.

The Vice-Chair (Mr. Erin Weir): I think we may have an extremely brief question from Mr. Ouellette.

Mr. Robert-Falcon Ouellette (Winnipeg Centre, Lib.): Thank you very much. I really appreciate the opportunity, Chair.

I was just reading proposed subsection 7.1(1) of Bill C-44:

For the purpose of providing services under this Act to a department through Shared Services Canada, the Minister may delegate any of his or her powers under section 7

Essentially, if we read the law technically, it doesn't just deal with USB keys and buying a mouse for your computer or something like that. If there is a need, for instance at the Department of National Defence, perhaps the potential exists that Shared Services Canada will not be providing any of those services for whatever reason. Could that be an accurate reading of that section of the legislation?

Mr. Ron Parker: There are additional caveats attached to that. For example, the department can receive the service in a part or portion of the department, but not in all of the department.

The intent is to be quite specific about the circumstances in which a department can obtain the services only in a portion of that department. International missions are the best example that we can think of.

Mr. Robert-Falcon Ouellette: But this is not what the law says. It says, “providing services under this Act...any of his or her powers”.

Mr. Graham Barr: Can I get in?

Actually, proposed section 7.1 refers to section 7 of the SSC act, which in turn refers to paragraphs 6(a), (b), (c), and (g) of the Department of Public Works and Government Services Act. In that act, there is a list of more specific services that are referenced in section 7.

Mr. Robert-Falcon Ouellette: Thank you very much.

The Vice-Chair (Mr. Erin Weir): We'll need to go now to the Conservatives, in case there's a final question or two there.

Mr. Kelly McCauley: I have one last quick question, Mr. Parker. You may have addressed it, and I may have missed it. If so, I'm sorry.

When we're talking about exceptional circumstances under clause 114, we mostly base this on Global Affairs. Do you think it would apply to other departments within the country itself? What would that cover would you think?

Mr. Ron Parker: The principal example that comes to mind, Mr. Chair, is a remote location, some place in Canada where we do not have SSC personnel or equipment.

Mr. Kelly McCauley: Do you think this was mostly written specifically for remote locations within the country?

Mr. Ron Parker: Within the country.

Mr. Kelly McCauley: Is that the general intent of it?

Mr. Ron Parker: That would be the general intent.

Mr. Kelly McCauley: Thank you.

That's all I had, Mr. Chair.

The Vice-Chair (Mr. Erin Weir): Thank you.

I'd like to thank and excuse our witnesses.

I'd like to take a few minutes as a committee to try to come to a conclusion and provide some guidance to our analysts concerning our response to the finance committee. I think the main question is whether we find these provisions of the budget implementation bill acceptable.

Mr. Whalen.

Mr. Nick Whalen: I would suggest we go in camera for that and maybe take a quick bio break.

The Vice-Chair (Mr. Erin Weir): My inclination is to always keep things public, but the committee certainly has the choice to go in camera if members feel that would be most appropriate.

Mr. Kelly McCauley: I'm fine in public. We don't have anything controversial.

The Vice-Chair (Mr. Erin Weir): Okay.

I don't want to put words in anyone's mouth, but, Mr. McCauley, my sense is that from the Conservative side these provisions—

Mr. Kelly McCauley: Gentlemen, thanks.

● (0945)

The Vice-Chair (Mr. Erin Weir): —are acceptable, that there's no major objection to them.

Mr. Kelly McCauley: Personally, I would like to hear a lot more fleshing out from Global Affairs on the security issue. I understand the intent of it, but it doesn't sound as though there's a strong plan set in place for going forward. That's my only concern. I understand what Mr. Parker was saying about moving off some of the.... Again we'll go back to keyboards, because they're a common thing brought up. There doesn't seem to be a plan put in place.

What if half of the department says, “Forget it. I'm not interested in passing that work off”? We're not going to relieve Shared Services of any extra burden if only 12,000 of the 24,000 transactions are moved off.

The Vice-Chair (Mr. Erin Weir): Is it your sense that we might consider another meeting on this topic, or is that information we can seek in writing?

Mr. Kelly McCauley: No, I don't think another meeting is warranted. I'm just expressing my concerns. I perhaps understand the intent of the legislation, now that we've heard it, but it doesn't sound as though it's firm enough in the plans of these guys that everything will be moved off to the departments. It could end up as just a mishmash of Shared Services doing some of the work and others doing some of it. It doesn't really sound as though Global Affairs has a keen grasp of the security issues. They may have, but I didn't get that sense from the question.

The Vice-Chair (Mr. Erin Weir): Mr. Whalen.

Mr. Nick Whalen: We're talking about the particulars, and I think what was mentioned is that they haven't provided any specific advice on the scope of the order in the council or of the minister's letter that's going to direct this. If that happens over the summer, it could be part of our fall study on procurement: how the authorities have been delegated, whether or not it's working, whether or not security concerns have been taken into account. That's all part of the general procurement study, in my opinion.

The Vice-Chair (Mr. Erin Weir): I think it can certainly be part of the general procurement study. I also think we should probably respond to the finance committee sooner than that on what we think of these provisions. I'm not hearing a lot of objections to them, but I want to be open to them.

Mr. Nick Whalen: Oh, no, that's what I meant. The details aren't before us; they won't be before us until the fall.

The Vice-Chair (Mr. Erin Weir): Okay.

Mr. Ouellette.

Mr. Robert-Falcon Ouellette: As someone on the finance committee, I would suggest that you be done with this matter by this week, because we're doing clause-by-clause examination on the 29th.

The Vice-Chair (Mr. Erin Weir): Yes, that's right.

Mr. Peterson.

Mr. Kyle Peterson: Referring to the motion from the finance committee, we were given a deadline of May 19, for what that's worth.

The Vice-Chair (Mr. Erin Weir): Right.

Mr. Kyle Peterson: We're not bound, certainly, by the decisions of the finance committee, but if we want to help them, I think the deadline should be—

The Vice-Chair (Mr. Erin Weir): Are we comfortable reporting to the finance committee by that deadline that we've looked at these provisions and that while there may be different views on the committee about how the government should use them, we think they're acceptable provisions of the legislation?

Mr. Kyle Peterson: The motion contemplates some sort of recommendations to the finance committee.

The Vice-Chair (Mr. Erin Weir): Mr. Peterson.

Mr. Kyle Peterson: I'm just saying that the motion from the finance committee contemplated our proffering them some recommendations by the May 19 deadline.

The Vice-Chair (Mr. Erin Weir): Would someone here perhaps like to make a motion that we report to the finance committee that we've studied these provisions and are not proposing any amendments to them?

Mr. Nick Whalen: I so move.

Mr. Kyle Peterson: I'll second it, if we need a seconder.

The Vice-Chair (Mr. Erin Weir): It is so moved.

Mr. Kelly McCauley: All it takes is "someone".

Voices: Oh, oh!

The Vice-Chair (Mr. Erin Weir): Unless there is debate on that motion, is it acceptable to the committee? Is there consensus to adopt it?

Mr. Kelly McCauley: That's fine, I don't see their changing it. I want to reiterate, and maybe Mr. Thangaraj was not ready for the question, but the security issues are a bit concerning. Again that's something to follow up.

(Motion agreed to [See *Minutes of Proceedings*])

The Vice-Chair (Mr. Erin Weir): Okay.

Mr. Kyle Peterson: I agree with Mr. McCauley; it's worthy of some other exploration once we get into the details of what's going on there. Hopefully the procurement issue will be before us again in some sense—and you know we're all for efficiency, but not at the cost of security. I think we can all agree with that.

The Vice-Chair (Mr. Erin Weir): I think we are doing an overall study on Shared Services as well that could encompass a lot of this.

Mr. Kyle Peterson: I'm happy to call them back under that study just to see if they have to start putting the details to this to make sure that the security component is upheld.

Mr. Kelly McCauley: Yes, and on Mr. Parker's part, I'd be worried, again, if only half the departments decided to take advantage of it, if he were still doing 18,000 individual transactions instead of 24,000, and, as Ms. Shanahan says, you haven't made any real difference.

● (0950)

The Vice-Chair (Mr. Erin Weir): In terms of the immediate need to respond to the finance committee, my reading of the room is that we're prepared to say that we've studied it. We're not putting forward any specific amendments to these provisions of the budget implementation bill.

Mr. Kyle Peterson: I would agree.

Mr. Kelly McCauley: That's fine.

The Vice-Chair (Mr. Erin Weir): Fair enough. Okay.

Yes?

Mr. Robert-Falcon Ouellette: How is that going to work? Is the clerk going to write a summary of what was discussed and heard?

The Vice-Chair (Mr. Erin Weir): We'll turn it over to the clerk now.

The Clerk of the Committee (Mr. Philippe Grenier-Michaud): Basically, the chair of the committee will write a letter to the chair of the finance committee mentioning that the committee studied the matter. We could include a link to today's minutes and transcript, so the finance committee members could take a look at the discussion, and it could be included at the end of the letter that the committee doesn't have any specific amendments to propose to Bill C-44

Mr. Alupa Clarke: To the bill, yes, we do—but not to this.

Some hon. members: Oh, oh!

The Clerk: To the specific clauses of Bill C-44.

Mr. Alupa Clarke: To these very, very specific clauses.

Some hon. members: Oh, oh!

The Vice-Chair (Mr. Erin Weir): I think that's a reasonable way of relaying some of the questions and concerns expressed, although at the same time allowing the finance committee to move forward with its work.

Unless there's anything else on these provisions in the budget implementation bill, we will take a break and then go in camera to look at our report on whistle-blower protection.

Thank you.

[*Proceedings continue in camera*]

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