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# Standing Committee on Government Operations and Estimates

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Chair: Mr. Kelly McCauley





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• (1105)

[English]

**The Chair (Mr. Kelly McCauley (Edmonton West, CPC)):** Good morning, everyone. I call this meeting to order.

Welcome to meeting 126 of the House of Commons Standing Committee on Government Operations and Estimates, known widely as the mighty OGGO.

Before we start, I want to remind everyone to keep their earpiece away from the microphones at all times so that we are protecting the health of our very valued translators.

We will do this for one hour, and then we're going to suspend for about five minutes to switch over to PSPC. I will need about 30 seconds at the end of the meeting to approve three small budgets, please.

We'd like to welcome back TBS.

Ms. Boudreau, this is your final meeting with TBS at OGGO. Congratulations on your new appointment.

We'll give the floor to you for five minutes and one bonus second in recognition of your promotion to comptroller general. Use that one second wisely, Ms. Boudreau.

Please go ahead.

**Ms. Annie Boudreau (Comptroller General of Canada, Treasury Board Secretariat):** Thank you, Mr. Chair.

I would like to take this opportunity to follow up on questions about the main estimates in last Wednesday's meeting with the President of the Treasury Board and her officials, as requested by the committee.

[Translation]

With respect to actual and planned spending on the Secretariat's fundamental responsibility for spending oversight, the 2024–25 Main Estimates include \$5.2 billion in planned expenditures. Of that amount, \$45.7 million is earmarked for the Secretariat's program spending in connection with its role as a central agency and administrative body of Treasury Board. That figure is comparable to the \$44.1 million of actual spending that the department incurred and declared in the 2022–2023 Departmental Results Report.

The balance consists of funds for central credits, which are transferred from the Treasury Board Secretariat to the individual departments and agencies throughout the fiscal year once specific criteria have been met. Central credits are used to supplement other credits

in accordance with eligibility criteria. For example, two credits are used to carry over unspent funds within limits established from one fiscal year to the next. There is also the Paylist Requirements Vote, which is used to reimburse organizations for certain types of expenditures, such as parental and maternity benefits and severance payments.

[English]

Departments receiving funding from central votes will report on this funding as part of their own departmental reporting.

[Translation]

Another question concerned the budget of the task force responsible for examining Bill C-290, the Act to amend the Public Servants Disclosure Protection Act. In the 2022 budget, \$2.4 million was allocated over five years to study that bill, starting in 2022–2023. The budget is still considered sufficient to support the task force's work and hasn't been adjusted since then.

Expenditures to date have been as follows.

In 2022–2023, \$37,000 was allocated for salaries and \$16,535 for operation and maintenance costs.

In 2023–2024, \$223,592 was spent on salaries and \$25,323 on operation and maintenance costs.

Lastly, for 2024–2025, planned expenditures consist of \$285,972 for salaries and \$35,250 for operation and maintenance costs.

These salary-related funds have been used to compensate the staff responsible for supporting the task force by, for example, organizing meetings, preparing documents, liaising with stakeholders and conducting research.

Task force members have volunteered their time and expertise. The operation and maintenance expenses cover the costs incurred by task force members not residing in Ottawa to travel to that city for in-person meetings as well as translation and earpieces for virtual meetings.

Lastly, regarding service standards, let me say that the Government of Canada provides numerous important and distinct services such as employment insurance, old age security, border services, food inspection and passport issuance, to name only a few.

[English]

These services are delivered under diverse operational conditions by departments with differing mandates and funding levels.

Different services have different standards because they operate under a variety of conditions for a diverse set of clients.

[Translation]

A good service standard includes an objective that's clear, measurable and ambitious but also realistic. It takes into consideration the department's capacity to provide the benefits that Canadians expect under normal operating conditions.

These standards are regularly reviewed and updated as necessary. If we achieve an 80% success rate in meeting a standard, for example, we may expect that the vast majority of Canadians are receiving the service provided in accordance with the standard, with due consideration being given to the fact that certain cases are more complex, that the operating environment may be subject to unusual tensions and that technical and human errors may occur from time to time.

If a service standard is fully met, that means that the standard is too low, that too many resources have been allocated to the service or that an error has been made in reporting the standard.

Mr. Chair, this concludes my remarks.

[English]

I would be more than happy, along with my colleagues, to answer all your questions.

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

We'll start with Mrs. Kusie, please.

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

Thank you very much to our witnesses for being here today.

[Translation]

Ms. Boudreau, congratulations on your appointment to this position.

[English]

Madame Boudreau, the Treasury Board was asked to provide the names of the public servants who were double-dipping and had conflicts of interest while working for the Government of Canada. This information was meant to be sent to the public accounts accounts by May 31. We are still awaiting this information.

Has this information been submitted as of yet, please?

**Ms. Annie Boudreau:** We'll have to do a switchover at the table. My apologies.

My colleague will be in a position to answer your question.

• (1110)

**The Chair:** I'm actually going to suspend for a couple seconds because we have a translation issue.... I am hearing some translation, but it's very low.

Would you mind testing it?

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

As I was indicating, we are waiting for these names.

When will they be provided, please?

**Mrs. Heidi Kutz (Associate Assistant Deputy Minister, People and Culture, Treasury Board Secretariat):** Good morning.

My name is Heidi Kutz. I am the associate ADM of people and culture in OCHRO at the Treasury Board.

With respect to that question, I can advise you that the response to the question by the committee was deposited late on Friday.

**Mrs. Stephanie Kusie:** Excellent.

Will this information be sent to the government operations committee as well, please?

**Mrs. Heidi Kutz:** On that, I would certainly defer to parliamentary relations and relations between the committees, but I understand that it could be facilitated.

**Mrs. Stephanie Kusie:** Excellent.

Given that this information has been submitted, can you please give an indication as to the dollar amount of contracts that were found to be in conflict of interest?

What was the total amount that was found to be in this unique situation?

**Mrs. Heidi Kutz:** Thank you for the question.

I do not have the detailed information on hand, so I won't be in a position to respond to that question today.

**Mrs. Stephanie Kusie:** Can you provide a number of the individuals, corporations or consultants found to be in this conflict of interest situation, in addition to the total number of contracts, please?

**Mrs. Heidi Kutz:** I'm sorry, perhaps you can bear with me for just a moment. I can advise that the information requested covered the periods of 2022 and 2023 with respect to individuals who had articulated a conflict of interest with respect to a contracting relationship.

The information that has been provided.... I apologize. I don't see it—

**Mrs. Stephanie Kusie:** It's fine, Madam Kutz.

**Mrs. Heidi Kutz:** Excuse me, I'm sorry. I do have the answer. It's 79 in 2022-23 and 84 in 2023-24.

I'm sorry for the delay.

**Mrs. Stephanie Kusie:** Can you say it one more time, please? What was that number?

**Mrs. Heidi Kutz:** It was 79 in fiscal year 2022-23 and 84 in fiscal year 2023-24.

**Mrs. Stephanie Kusie:** You don't have the dollar amount of those 79.

**Mrs. Heidi Kutz:** I do not.

**Mrs. Stephanie Kusie:** Thank you so much.

Of those 79, how many were referred to the RCMP, please?

**Mrs. Heidi Kutz:** With reference to individuals submitting conflict of interest declarations....

That's the initiation of a process where an individual is understood to be in a perceived, actual, or possible future conflict of interest.

The process of submitting those applications means it is then reviewed, and if it is possible to mitigate those conflicts of interest, mitigation measures are put into place.

**Mrs. Stephanie Kusie:** Can you share with Canadians, please, any wrongdoing that was detected? Basically, what I am discerning from your response is that you found that 79 were in this conflict of interest. You cannot confirm the total dollar amount at this moment.

Were they all referred to the RCMP? Is this what you're indicating?

**Mrs. Heidi Kutz:** No. To be clear, what I'd like to underscore is that the completion of a declaration does not signify or suggest any wrongdoing; rather, it demonstrates that employees have acted in full compliance with rules and requirements in reporting the conflict.

On the depositing of a conflict of interest declaration, the evaluation and the review are made as to whether or not the individual is in a real, perceived or potential future conflict of interest. Mitigation measures are put into place where and as appropriate. Where mitigation measures cannot be put into place, the employee has the decision whether to proceed with the contract or to step aside.

**Mrs. Stephanie Kusie:** It's quite an extensive answer you're giving. To be clear and simple for Canadians, did you refer them all to the RCMP, or did you not go through an internal process to determine which ones to refer to the RCMP?

• (1115)

**Mrs. Heidi Kutz:** The information that has been provided and reported are the declarations of conflict of interest, which have been deposited and reviewed, where mitigation measures have been indicated and/or put into place, and employees have taken a decision whether to apply those mitigation measures or to step aside.

I wouldn't be able to advise on any reporting that resulted in any investigations by the RCMP.

**Mrs. Stephanie Kusie:** Based upon this response, I'm hearing that the employees have to determine whether or not they are referring themselves to the RCMP. We have 79 individuals or corporations found to be within conflict. We don't know the dollar amount for Canadians. I would ask, please, Madame Boudreau, if your team could get this number and report it back to the committee.

The information has been reported to the public accounts committee, and we hope that they will share it with the government operations committee.

[Translation]

Thank you very much, Mr. Chair.

[English]

**The Chair:** Thank you.

Mr. Bains, go ahead, please.

**Mr. Parm Bains (Steveston—Richmond East, Lib.):** Thank you, Mr. Chair.

Thank you to our officials for joining us today.

Madame Boudreau, congratulations on your new appointment.

My first question is to you or anybody who can answer. The Treasury Board of Canada Secretariat has the fifth highest number of voted expenses in these main estimates at \$9.3 billion. What rationale is there behind the spending within your department, and how is there a value-add for the Canadian taxpayer in the services delivered by TBS?

**Ms. Annie Boudreau:** Thank you for the question.

As I was mentioning during my opening remarks, all of the central votes are included under the TBS main estimates. Those votes, though, are reallocated afterwards to organizations to allow them to continue delivering programs and services. I'll give you two examples.

One of them is what we call the "operating carry forward". At the end of the year, any organizations can carry forward 5% of their operating funding to be able to finish what they had started the previous year. It is a best practice. It was highlighted by the OAG a long time ago, and it allows them to avoid "March madness" at the end of the year in order to spend all of the money.

We have the same mechanism for the capital vote carry forward, where organizations, again, can carry forward up to 20% in the next fiscal year in order to be able to finalize projects. When it is allocated to departments, we publish a list on the website every time, and you will see the specific amount for a specific organization.

**Mr. Parm Bains:** Is there an efficiency measure that's built into this process?

**Ms. Annie Boudreau:** As I was saying, we are applying 5% for the operating carry forward. That is a max of 5%. Some organizations sometimes don't have that flexibility. For those that do have the flexibility, it is 5%.

In terms of the carry forward for the capital vote, we are doing some due diligence, looking at the amount and making sure that it is reasonable. After that, we are allocating those amounts to organizations.

Those are the two examples that we have in central votes for TBS.

**Mr. Parm Bains:** My next question is about modernization of the public service. What ways is the Treasury Board of Canada Secretariat working to modernize Canada's public service? How do you see the implementation of new technologies aiding in this work?

**Ms. Annie Boudreau:** Stephen.

**Mr. Stephen Burt (Chief Data Officer and Assistant Deputy Minister, Policy and Performance Sector, Treasury Board Secretariat):** The work we are doing across the board right now in modernizing the public service takes on a number of aspects. Some of it has to do with the talent that we're recruiting into the public service and making sure that we are getting the right skills inside so that we are less dependent on contractors. Some of it has to do with making sure that we are upskilling existing public servants so that they have the digital acumen they need to work across these things. Some of it is in the technology space, where we're working with Service Canada and other service delivery departments to make sure they are aligning tools and technology, as well as the skills they have, in order to modernize their services and make them available in the ways that Canadians have come to expect in the 21st century.

**Mr. Parm Bains:** On that same theme, security of information is extremely important across government. We know there have been many cyber-attacks. London Drugs is headquartered in my community of Richmond, British Columbia. They had a cyber-attack. We've seen now with Ticketmaster that 560 million people's data or information may be compromised. There are foreign state actors and other aggressors.... Can you share how new funding programs through these main estimates can work to better protect the cyber-security regime?

• (1120)

**Mr. Stephen Burt:** Absolutely.

It's important to remember—and the examples you cite make the point—that every government and private sector organization out there is facing ongoing, persistent cyber threats. It's part of the world that we are living in now. We have many systems and tools in place to monitor, detect, and investigate those threats and to mitigate against the effects of them, that is, to address and neutralize them.

Importantly, on May 22—just a couple weeks ago—we released the first federal government enterprise cyber strategy. We have certainly been working in this space for a long time, but we've put a frame around it now to help drive that effort forward. There's been a certain amount of money provided in the main estimates to allow us to continue to enhance those efforts across the system.

**Mr. Parm Bains:** Can you see how you're going to pinpoint what... How is that framework going to help?

**Mr. Stephen Burt:** The framework should give us the ability to improve the cybersecurity of operations, and keep pace with the existing cyber risk landscape. We've had some enhancements to the Government of Canada's cybersecurity event management plan, which is a whole-of-government incident response plan for when these things do happen and how we roll in and determine how serious it is. Moreover, we've begun work with Shared Services Canada and the Canadian Centre for Cyber Security to actually drive these things forward.

The work that we've done around defining our security policy to make sure that we build systems and reduce the vulnerabilities on the technology side will be advanced by this effort. But a lot of the money is coming in to make sure that we have the right expertise in place, both centrally and across departments.

**Mr. Parm Bains:** Okay, thank you.

**The Chair:** Thanks very much, Mr. Bains.

Mrs. Vignola.

[*Translation*]

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

Thanks to everyone for being with us today.

Ms. Boudreau, earlier you talked about service standards and what they imply. In 2022–2023, 49% of government services met service standards. That's a surprise to me because I imagine that government employees, like everyone else, want to treat others as they would wish to be treated themselves. So it's troubling to see that only 49% of services meet standards. The target is 80%, which is a giant step beyond that.

How can the government expect to achieve that objective?

**Mr. Stephen Burt:** Thank you for your question, Ms. Vignola.

The results that you cite are definitely quite poor, but it has to be said that they were achieved during the pandemic, when there were major disruptions in service delivery more or less across the government.

Like you, we aren't satisfied with these results. However, we're now seeing a return to normal service delivery levels. We also expect a return to normal results, which should approach the 80% goal. Although things may change, the initial signs we're seeing suggest that there'll be an improvement in March 2025.

**Mrs. Julie Vignola:** What level was that indicator showing before the pandemic?

**Mr. Stephen Burt:** I don't have the numbers with me, but it was very close to 80%.

**Mrs. Julie Vignola:** We would appreciate it if you could send them to us as soon as possible. Thank you.

I think you're beginning to get to know me a little. I analyze the budget and take notes.

I've noticed something here. On virtually every page, you can see declines in contributions to employee social benefit plans, sometimes declines of \$20,000 or even much more.

What explains this kind of decline? Are you expecting layoffs?

**Ms. Annie Boudreau:** That's a good question. Perhaps it's attributable to the fact that we're normalizing the methodology we use.

Mr. Greenough may have more information on that.

• (1125)

[English]

**Mr. Rod Greenough (Acting Assistant Secretary, Expenditure Management Sector, Treasury Board Secretariat):** No, I don't have significantly more information. However, to clarify this, the employee benefit contributions in there are based on the employees in the departmental plans at the time of the main estimates. They obviously get updated through the year as programs get renewed and they come to the Treasury Board.

The main estimates are the starting point, but there will be additions through the year as new programs come online as well.

[Translation]

**Mrs. Julie Vignola:** Thank you very much.

With respect to Canada Economic Development for Quebec Regions, I see that grants under the regional economic growth through innovation program decreased from \$265,764,476 in the 2023–2024 Main Estimates to \$166,910,505 in 2024–2025, a decline of \$99 million.

Just below that in the table, you can also see that contributions under the Quebec economic development program will fall by half, from \$131 million to approximately \$63 million.

What's the explanation for declines of that size? There were even more contributions during the pandemic, but they now represent a quarter of what they were during the pandemic. What's the explanation for that?

**Ms. Annie Boudreau:** We'll have to send you that information later, Ms. Vignola. However, if you compare last year's total estimates with the current main estimates, you'll see that there may be some significant differences because we obviously don't have the Supplementary Estimates (A), (B) and (C) yet.

So we'll conduct an analysis and send you a more comprehensive answer.

**Mrs. Julie Vignola:** Thank you very much.

How much time do I have left, Mr. Chair?

[English]

**The Chair:** You have one minute.

[Translation]

**Mrs. Julie Vignola:** I'm going to go back to the task force that's responsible for examining the Act to amend the Public Servants Disclosure Protection Act.

If I'm not mistaken, you said in your remarks that the members of that task force were volunteers and that the funds allocated to the task force, \$2.4 million over 5 years, are to cover their travel, meetings and other expenses.

Is that \$2.4 million in funding enough? We're talking about a task force that has to conduct a careful examination of a very important act and about members whose situations may differ across the country.

**Ms. Annie Boudreau:** I said in my remarks that the funding was adequate.

My colleague Ms. Kutz is responsible for the task force, and she can provide you with more information.

**Mrs. Heidi Kutz:** I can confirm that it's enough for the moment. Of course, the staff responsible for providing support to the task force receive salaries. They organize meetings, prepare materials, liaise with stakeholders and conduct research.

In addition, as you mentioned, task force members—

[English]

**The Chair:** Thank you. I'm afraid that is our time. If you have anything else, perhaps you can provide it to us in writing.

Mr. Bachrach.

**Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP):** Thank you very much.

Thanks to our witnesses. Happy Monday.

My colleague and I were just discussing the funding for Pacifican in the budget, and it appears that there's a significant reduction. I'm just wondering if you can explain the numbers I'm looking at right now.

For 2022-23, there was \$219.8 million, which goes down to \$118.4 million in the 2024-25 budget. Can you explain the significant reduction in this organization, which aims to diversify B.C.'s economy? It certainly has an impact where I live.

**Mr. Rod Greenough:** I can give a partial answer.

We'll return at the same time as we do for the Quebec regional development agency. We can just come back with a whole answer for all of the regional development agencies.

However, in general, these organizations had significant funding through COVID, which is winding down as we go through the year. That's one aspect.

The second thing to clarify is that there was the refocusing government spending exercise. There were no reductions to the contribution programs through that exercise. It's not that the money has been reallocated elsewhere. It is primarily a wind-down of COVID programs.

We can get back to you with a more complete response.

**Mr. Taylor Bachrach:** The economic development agencies, if I understand it, were a mechanism, a vehicle, for delivering COVID funds. Now that those programs have wound down, we're seeing a commensurate reduction.

• (1130)

**Mr. Rod Greenough:** That's correct.

**Mr. Taylor Bachrach:** Are the numbers that we see likely to be the numbers going forward? Is that considered the base investment in those agencies?

**Mr. Rod Greenough:** We would have to return in writing with that.

**Mr. Taylor Bachrach:** Olay. That would be good.

At our last meeting, I asked Minister Anand a question about the return-to-office mandate.

I've received emails about this from public servants in northwestern B.C. There's a lot of concern, and there are a lot of questions that folks feel haven't been answered. We ran out of time. When I asked the question, I think it was deferred to the public service to explain the mandate, and then we ran out of minutes.

I'm wondering if someone can pick up where we left off last week and provide the rationale, particularly in light of the evidence that suggests that productivity in the work-from-home environment was at least equal to what we were seeing prior to that with the in-office environment.

I'll hand it over to our witness.

**Mr. Jean-François Fleury (Senior Assistant Deputy Minister, Strategic Directions and Digital Solutions, Treasury Board Secretariat):** The rationale is to maximize the benefits of the presence in the workplace and to bring fairness and consistency across the public service. It is a minor calibration from two to three days to three days. We're still in a hybrid model; therefore, we respect and understand the benefits of off-site work. We also recognize that some organizations are already at three, and many employees have been working five days on site since the beginning of the pandemic.

While recognizing the off-site benefits—work-life balance, completing individual tasks, time management—it's also important to recalibrate to really reap the benefits of on-site presence as well. Human connection matters. There is peer learning from each other; the onboarding of new employees who are not only new to the public service but new to teams; collision conversations; impromptu idea-sharing; and team building. We feel that human connections are essential to strengthen the public service as an organization, its values and its culture.

The move is also very consistent with many provinces and territories. There are more flexible models out there, but this is bringing us closer to the trend. We have been working with PSPC to ensure that it aligns with its 10-year strategy of reducing the footprint by 50%. The key to that is to ensure that there is unallocated seating and that the model moves from an experimental model to one that is a bit more structured.

**Mr. Taylor Bachrach:** You mentioned collaborating with PSPC. The other organization that it seems like the government didn't collaborate enough with is PSAC. It's quite upset by this whole mandate.

Can you describe your consultation with the public sector unions in the lead up to this mandate?

**Mr. Jean-François Fleury:** At the last collective agreement, there was a letter of agreement that was signed outside of the collective agreement to review the telework directive and to establish

review panels in organizations. We have had several meetings with bargaining agents to review the telework directive, which is how you actually do telework. Those meetings have taken place.

In terms of the location of work, it is and remains an exclusive management right. Therefore, on the move from two to three days, there was no consultation there. We informed the unions, as we informed many groups within the public service, of the change in direction.

**Mr. Taylor Bachrach:** I understand that there are benefits to working in the office. For some personality types, it's a preferable work environment; others have more productivity in a remote work environment. One thing that seems clearly obvious is that if employees are disgruntled, their productivity goes down. It seems like the way that this directive has been handled by management has resulted in a lot of employees feeling like they're not valued, like the employer doesn't take the needs of their work environment seriously.

How is the public service going to manage that impact?

We've heard from PSAC that it's going to fight this. I'm getting emails from my constituents saying that the way that it's being rolled out in individual offices is deeply problematic. What's the strategy from here on in to get to a place where you're actually reaping the benefits of the return to the office?

**The Chair:** I am afraid there's no time left for an answer. Perhaps in your next round or perhaps in a plan in writing to us....

Mrs. Block, please, for five minutes.

• (1135)

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

Thank you to our witnesses for being here today.

Ms. Boudreau, I echo my colleagues' congratulations to you on your new appointment and wish you well.

The government made a commitment to implement a trust and transparency strategy and recently released an update in the "Manager's Guide", with four key updates. The guide refers to "key considerations when procuring professional services".

The first update is that managers should "monitor and document the delivery of services and ensure that obligations under the contract are met, including by subcontractors, prior to issuing of payment". In plain language, this means that managers should make sure that work is completed before paying.



Was it a common practice to pay for work and to pay contractors without that work being completed?

**Ms. Samantha Tattersall (Assistant Comptroller General, Acquired Services and Assets Sector, Treasury Board Secretariat):** Thank you for the question.

I wouldn't say that it was a common practice.

Let me just frame that there's the "Manager's Guide", and then last week we announced mandatory procedures. Really, this is about getting back to basics and having good hygiene when we do our procurement. In procurement, there's the contracting authority; so you hear a lot about procurement officers, but managers who are business owners also have accountabilities and responsibilities. What we're trying to do, in plain language, is make them sure that they're aware. With the mandatory procedure, we're embedding it now into the approval process. It's embedded into the structures.

**Mrs. Kelly Block:** Thank you. I appreciate your framing that for me.

I have five minutes, so a really concise answer is really appreciated going forward.

In plain language, you needed to tell those who were paying contractors that the work actually has to be done before you pay pay them.

**Ms. Samantha Tattersall:** It was putting in plain language what is already required.

**Mrs. Kelly Block:** Okay. Thank you.

The second update was that managers should “exercise due diligence to maintain the integrity of a procurement”, ensuring that “obligations under the contract are met, including by subcontractors, prior to issuing payment”. Was it common practice before this for managers to not monitor conflicts of interest?

**Ms. Samantha Tattersall:** I would say that I couldn't answer that question. I don't monitor all contracts, but I would say that we wrote it so that people were clear, not that we thought everybody was not doing it. That's really important.

**Mrs. Kelly Block:** Thank you very much.

I'm going to move on to another part of the strategy that was announced. Your department announced its strategy, which is meant to provide “better access to government data” and improve “trust in federal institutions”.

In fact, Minister Anand stated last week, on May 29:

As we continue to face an unprecedented surge in misinformation and disinformation, our government remains committed to the values of openness and transparency.

Yet, there is a shortfall or a reduction in the Integrity Commissioner's budget. What steps have been taken to sort out that \$700,000 budget shortfall for that office? How does reducing that budget align with your limiting the budget of the independent officer that ensures federal institutions are following the law?

**Ms. Annie Boudreau:** Thank you for that very important question.

If you look at the main estimates, you will see an increase of the budget. There is for sure a gap: the amount you have referred to. We have met—I have met—with the commissioner. My colleague also met with the commissioner. We're doing everything we can to understand the situation and to move forward. We have options and solutions, but again, I just want to stress the fact that we see an increase in the main estimates for that budget.

**Mrs. Kelly Block:** Just to confirm, there's been an even greater shortfall. There has been some increase, but it isn't quite where it needs to be in order for the Integrity Commissioner to do their work.

• (1140)

**Ms. Annie Boudreau:** Just to be clear, the gap that has been highlighted is based on the formula we are using for all organizations across government. It is a formula that is flexible, as well as consistent. It's for all 90 organizations receiving money from Parliament.

Did you want to add something?

**The Chair:** I'm afraid we're past time already.

Mr. Jowhari, please go ahead.

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

I'll also join my colleagues in congratulating you, Madame Boudreau, on your appointment.

I'm going to focus my questions on RGS—refocused government spending.

As you know, Madame Boudreau, your department is heavily focused on delivering on the refocused government spending initiatives. The main estimates provide some details on this, including \$2.5 billion in reallocated funding. That's up drastically from the \$500 million for last fiscal year.

How does this reallocation impact the services delivered by other departments, and what impact does this have on Canadian taxpayers?

**Ms. Annie Boudreau:** Thank you for the question.

As indicated in budget 2023, this exercise was meant to refocus funds from lower priorities to higher priorities. The budget wording was very clear. Services to Canadians were not to be impacted, nor were the Canadian Armed Forces budget and direct transfers to provinces, territories and indigenous communities.

We followed the instructions in the budget, while not impacting services to Canadians.

**Mr. Majid Jowhari:** There's no impact to the taxpayers. Fair enough.

Is this a one-time initiative, or is this something the departments should expect on an ongoing or annual basis—looking into identifying areas for better services using around 15%?

**Ms. Annie Boudreau:** This is a multi-year initiative. It started in budget 2023. A second phase was also included in budget 2024. The second phase in budget 2024 talks about operating.

As you mentioned, I think it's just good hygiene in every organization to look at a budget to make sure you are focusing on priorities. When I was the CFO of Crown-Indigenous Relations and Northern Affairs, I was doing that work every year to make sure the money was available for Canadians and stakeholders.

**Mr. Majid Jowhari:** Which department do you anticipate will see the greatest opportunity for benefiting from this program?

**Ms. Annie Boudreau:** If you look at the main estimates, you will find an online annex, where you can see all the refocused money among organizations. I think we have, in total, 80-something organizations included in this initiative. However, as I mentioned, we now have phase two. We are working on the methodology. As the president mentioned last week, the information will be provided once the methodology has been established.

**Mr. Majid Jowhari:** You talked about phase one and phase two. Do you anticipate the nature of RGS will change over the next, let's say, few years?

**Ms. Annie Boudreau:** It is multi-year, with amounts per calendar year well established in the budget. However, as I was saying, this is something all organizations should be doing every year—looking at their own funding models to make sure they are effective in that way.

**Mr. Majid Jowhari:** How collaborative have you found the relationship between TBS and other departments to be around this initiative? Is everyone embracing it? Is it considered more like an instruction coming down, or is it an opportunity for us to work together to look at some of the policy changes and enabling tools, as well as the desire to work together?

**Ms. Annie Boudreau:** My team has been working very closely with all organizations trying to understand their unique perspectives and circumstances. That was all factored into the review the president was able to table at the end of February.

• (1145)

**Mr. Majid Jowhari:** That's great.

I have only about 20 seconds. I take it that it was a collaborative approach. You looked at the uniqueness of each one of the departments, you sat down, you figured out where the greatest opportunity was from different levels—whether operational, capex, etc.—and you collectively put that program together.

**Ms. Annie Boudreau:** That is correct.

**Mr. Majid Jowhari:** Thank you.

I yield the rest of my two seconds back to you.

**The Chair:** Thank you for your generosity, as always, Mr. Jowhari.

We go to Mrs. Vignola for two and a half minutes, please.

[*Translation*]

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

Ms. Boudreau, can you remember roughly how much money was spent on consulting services last year and how much spending in that area is estimated for this year in all departments?

**Ms. Annie Boudreau:** The public accounts from last year show that \$19 billion was spent on professional services. That's a large

amount, but those services are allocated over 14 categories, including consulting services, and the amount indicated for those services is \$838 million, which represents approximately 5% of \$19 billion.

**Mrs. Julie Vignola:** I haven't looked at the Supplementary Estimates (A), but the 2024–2025 Main Estimates show that the Canada School of Public Service has a total budget of \$87,838,771 and that slightly more than \$64 million of that amount is earmarked for training.

Given that consultants receive some \$830 million and that those consultations don't always produce lasting results, would it be a good idea to turn this into a professional service at the Canada School of Public Service and train people within government who could act as consultants and keep up with the latest trends? That way we could stop paying for outside services.

**Ms. Annie Boudreau:** I entirely agree. Most of the time, management consultants are brought in to meet one-time demands when an organization has no expertise. However, I entirely agree with you that we should invest in training for public service employees.

**Mrs. Julie Vignola:** Managers should normally have basic management skills when they reach this level in the public service. If they don't, we should give them an opportunity to acquire them and become more professional rather than bring in outside support. That's my thinking.

**Ms. Annie Boudreau:** I support your thinking. My colleague here works very closely with the School of Public Service so that we can offer more specific training to people who work in the contracting field.

[*English*]

**The Chair:** Thank you, Mrs. Vignola.

We go to Mr. Bachrach for two and a half minutes, please.

**Mr. Taylor Bachrach:** Thank you, Mr. Chair.

To return to my previous line of questioning about the return-to-office directive, some of the feedback I'm hearing from public servants is that the physical space they're being asked to return to is not sufficient for them to have a productive work day. They're talking about a lack of physical space, being asked to share a desk with another employee and being in an environment where there isn't adequate privacy or ability to focus.

I recognize that there are diverse workplaces across the public sector, obviously, and that there are some very unusual ones where this wouldn't apply, but for an average office work environment—someone who's working at a desk eight hours a day—does the public service have standards? Does the government have standards for what an employee should be able to expect in that environment in terms of noise, physical space, safety from workplace hazards and those sorts of things?

**Mr. Jean-François Fleury:** In terms of standards I think it's either.... PSPC would have those standards, but I will say that there are challenges in certain buildings. Those challenges are not everywhere. There are many other areas where it's working out.

We are giving a heads-up of four months for organizations that have particular challenges—for some it's buildings, for some it's technology—to work those through, either with SSC or PSPC. We are also urging departments to work with their UMCCs, their union-management committees, to ensure that the specificity of the issues that need to be managed in the next four months, and so on, are really discussed openly in the context of the implementation of this direction.

I don't know if you have anything to add. In terms of those standards, I believe it's PSPC that would have those.

• (1150)

**Ms. Samantha Tattersall:** PSPC is like the general manager for offices across government, so it would set standards in terms of accommodation within buildings.

**Mr. Taylor Bachrach:** Do those standards exist with PSPC?

**Ms. Samantha Tattersall:** It would set out the fit-up for office space. Again, I know PSPC are appearing right after us. I don't want to misspeak for them.

**Mr. Taylor Bachrach:** I'll hold fire until the next panel.

Thank you, Mr. Chair.

**The Chair:** We have Mr. Genuis, please, and then Mr. Sousa.

**Mr. Charles Sousa (Mississauga—Lakeshore, Lib.):** Thank you, Mr. Chair.

**Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC):** I assume can start again, Chair.

I want to thank the officials for being here.

I'm following up on my questions for the ministers, which related primarily to indigenous procurement.

In plain language, how does the government define an indigenous business?

**Ms. Samantha Tattersall:** It's a great question.

In terms of indigenous procurement programs, there's the procurement strategy for indigenous businesses, which is a set-aside program that ISC manages. ISC determines the eligibility for that program, so it would be best positioned to answer that.

For the 5%, to be eligible they have to be registered on the indigenous business directory or registered on a modern treaty beneficiary business list.

**Mr. Garnett Genuis:** There may and likely are businesses that are owned by indigenous people or that would meet the criteria but which are not registered for whatever reason—because they're not aware of it, they haven't been able to fill out the paperwork or whatever the case may be.

**Ms. Samantha Tattersall:** It's possible.

**Mr. Garnett Genuis:** I was looking through some of the documents that this committee has gotten on this issue and was curious

to know what percentage of registered indigenous businesses are located in the national capital region versus outside of it?

**Ms. Samantha Tattersall:** I wouldn't have that answer. ISC would have that answer because it manages the directory.

**Mr. Garnett Genuis:** I'd be curious to know that and also what percentage of those businesses are actually located in indigenous communities.

I understand that you don't have that information, but are you able to get that and share it with the committee? We don't have those officials coming before us, typically.

**Ms. Samantha Tattersall:** We'd have to follow up with the ISC.

**Ms. Annie Boudreau:** We'll follow up with the organization and try to come back to the committee.

**Mr. Garnett Genuis:** Can that be registered as a request for information, Chair? We'll get that information one way or the other.

The minister talked in her testimony about the subcontracting requirement and the procurement. The procurement minister didn't even seem to know this, but your minister did.

It's the one-third requirement that she mentioned, which is that if an indigenous business receives contracts as part of that set-aside, one-third of the subcontracts have to be indigenous. Presumably, they have to also be on the same list.

We have requested information at this committee about subcontractors. In almost every case, we've received no information from departments about subcontracting. That seems to not be identified or tracked at all.

Am I correct in understanding from this that there is no oversight around whether or not this requirement is met?

**Ms. Samantha Tattersall:** Maybe I'll take the question.

For PSIB, as you've correctly identified, there is a 33% requirement. Of the total contract value, 33% must be done by a business that is either 51% owned or controlled.

**Mr. Garnett Genuis:** Just to clarify, do they also have to be on the list? If they are owned and controlled but not on the list, would they qualify for that one-third?

**Ms. Samantha Tattersall:** Sorry, I'm getting my PSIB stuff out.

They would either have to be on the list or listed on a modern treaty business list or directory.

• (1155)

**Mr. Garnett Genuis:** They would have to meet the criteria for the set-aside in order to get the one-third.

**Ms. Samantha Tattersall:** That's correct. Then it's 51% owned or controlled and 33% of the total value of the contract must be done by that business.

As for verifying that, it should be part of the terms and conditions of the contract. In addition, ISC can do postaudits to verify the 33%.

**Mr. Garnett Genuis:** ISC can do postaudits. How often do those postaudits...?

**Ms. Samantha Tattersall:** That would be a question for ISC.

I can tell you that the client department can request a postaudit of ISC, but in terms of how often or how that's triggered, that's really for ISC.

**Mr. Garnett Genuis:** Okay. Since you're here today, how often at Treasury Board have you requested a postaudit?

**Ms. Samantha Tattersall:** I don't manage contracts, so I'll turn to the CFO.

**Ms. Karen Cahill (Assistant Secretary and Chief Financial Officer, Treasury Board Secretariat):** Thank you for the question.

Actually, since this policy came into place, TBS has not requested any postaudits.

**Mr. Garnett Genuis:** Okay.

As a committee, we requested subcontracting information. We got almost none. The only way that would be being verified is either by keeping track of those subcontracts so that others could look at this, or by having those postaudits done, and we hear that TBS has not requested any postaudits. I think that underlines my concern that this core requirement in relation to the program—ensuring there are actually business opportunities going to indigenous peoples—is not actually being checked in any meaningful way.

**The Chair:** Thanks very much.

We have Mr. Sousa, please.

**Mr. Charles Sousa:** Thank you, Mr. Chair.

Thank you for being here, and congratulations again on your promotion.

How many contracts does the government do?

**Ms. Samantha Tattersall:** Contract amendments in any given year are close to 400,000, possibly.

**Mr. Charles Sousa:** There was some discussion around the declarations of conflict. People voluntarily come forward saying they don't know if they can deal with this particular contract. You said there were about 79 out of 400,000.

**Ms. Samantha Tattersall:** Those may be two different issues, and I'll turn to my OCHRO friends here. It is incumbent upon an employee, if they feel they may be in a conflict of interest, to submit a conflict of interest form to have it assessed, and, if necessary, either not take a contract or have mitigation measures put in place in relationship to that conflict of interest declaration that's been submitted.

**Mr. Charles Sousa:** That's correct. Is there anything untoward in doing so? Is that a normal practice? Is that an appropriate thing for us to take?

**Ms. Samantha Tattersall:** I'll turn to Heidi.

**Mrs. Heidi Kutz:** Yes, it is the responsibility of the employee to assess and understand if they may have a perceived or potential conflict of interest, and to use the appropriate system and supports to report that.

**Mr. Charles Sousa:** So, it's more of an issue if they don't declare.

**Mrs. Heidi Kutz:** Yes.

**Mr. Charles Sousa:** Out of the 400,000—all the contracts that are done—a number of them have come forward noting that this is going to be an issue, so they've taken the proper steps to protect the integrity of the system, the integrity of government—and themselves in this case.

**Mrs. Heidi Kutz:** Yes.

**Mr. Charles Sousa:** Are there recent policy augmentations—or anything in regard to this—that have been put forward?

**Ms. Samantha Tattersall:** Maybe I'll just take that.

Last week a mandatory procedure was announced. As I was explaining, in procurement there's the procurement officer, who executes the process, but there's also the person who wants the actual procurement. What we've done is that we're embedding into the approval process that before a contract gets signed, that person—we call them the "business owner"—signs off that they understand the contract, and part of that is that they are not in a conflict of interest themselves. That's embedded. They will have to sign off before a contract is signed.

**Mr. Charles Sousa:** Those are measures that ensure safety and security too. Can you talk about the information of the networks, then? Can you talk about the augmentation or the recent policy implementation that Treasury Board has taken to ensure there's safety and security for Canadian information within the Government of Canada network?

• (1200)

**Mr. Stephen Burt:** I'll give you a quick answer, and then maybe you can see if I'm hitting what you're after here.

We've put a number of safeguards in place, both across the technologies and in terms of how we manage people's data, to make sure it is not compromised either through a cyber-attack or by an inadvertent privacy breach or something like that.

Is there something in particular you're trying to...?

**Mr. Charles Sousa:** Well, I'm just trying to ensure that systems are in place, given that there are so many contractors, so many engagements; that steps are taken to protect the interests of the stakeholders involved, the individuals involved, as well as the employees and the staff; and that safeguards are in place for any declaration of information that's brought forward because it has become public.

**Mr. Stephen Burt:** Yes, it's 100%. We have 40 years of operating within the construct of the Privacy Act and a fairly robust policy piece that sits underneath the legislation. It's one of those fundamental things we train public servants on—to understand where they have to monitor for risks to individual information. As well, on the cyber side, we build a fairly high level of safeguards into our technology systems to avoid inadvertent releases. The reality is, as I was saying in response to a question earlier, we live in a world where there are constant threats of this, so there are always incidents, both on the cyber side and on the privacy side, that have to be managed. However, we have strong safeguards in place across the system.

**Mr. Charles Sousa:** In regard to consultants, a lot of discussion around this table has been about the system of procurement and the degree of interchange between consultants, contractors, subcontractors and so forth.

What effort is being taken by the federal government to reduce the amount of staff augmentation within the public service and to rather focus on building skills and capabilities within the public service ranks? There's a lack of capacity within the system, and that's why consultants are taken in.

**The Chair:** Yes, I'm afraid we don't have time for a response, but perhaps you can get back to us as best as you're able to in writing.

Witnesses, thank you very much for being with us again. It's been a long time since we last saw you.

We'll suspend for about five minutes and bring forward the next round.

- (1200) \_\_\_\_\_ (Pause) \_\_\_\_\_
- (1205)

**The Chair:** We are back, everyone. Thank you for your patience.

I understand that we have an opening statement by Ms. Reza.

The floor is yours for five minutes, please.

**Ms. Arianne Reza (Deputy Minister, Department of Public Works and Government Services):** Good afternoon, and thank you for the opportunity to discuss PSPC's main estimates for fiscal year 2024-25.

Before we begin, I would like to acknowledge that we are meeting on the traditional unceded territories of the Anishinabe Algonquin people.

Today I'm joined by Associate Deputy Minister Alex Benay, Assistant Deputy Minister Simon Page, Assistant Deputy Minister Catherine Poulin, Assistant Deputy Minister Dominic Laporte and Chief Financial Officer Wojo Zielonka.

Mr. Chair, PSPC has a wide-ranging mandate related to government procurements, managing government buildings, administering pay and pensions for the public service and more. In order to support these activities, PSPC is requesting a net amount of \$4.8 billion through these estimates. This is a net increase of \$449 million from the previous year.

The majority of that amount, more than \$3.3 billion, will be spent on property and infrastructure activities, including major rehabilitation projects across the country. The amount of \$767.9 million is for payments and accounting initiatives, which include supporting the Government of Canada's pay administration program. PSPC remains dedicated to achieving pay stabilization and eliminating the backlog of pay issues. Also, as this committee has heard, we are making progress on the next-generation human resources and pay system.

Mr. Chair, \$181.7 million is being sought for the running of important procurements. This includes our work with key partners advancing the national shipbuilding strategy and other key defence procurements.

It also includes our continued work to modernize the federal procurement system with a focus on increasing the participation of small and medium-sized businesses as well as suppliers from under-represented groups, including indigenous businesses. The current focus is to ensure that 5% of the value of federal contracts is awarded to indigenous businesses. Indigenous Services Canada is the federal department responsible for procurement strategy for indigenous businesses and has determined that the government on the whole is exceeding the target.

[*Translation*]

Furthermore, PSPC is looking for ways to increase the discipline exercised in federal procurement, particularly as regards professional services. As you know, PSPC relies on its product expertise and qualified personnel in managing more complex and riskier procurement projects.

PSPC also introduces procurement mechanisms and strategies across government that help departments make efficiency gains.

We've made many improvements to our processes and procedures by relying on the recent reports of the procurement ombud and the Auditor General, as well as our own internal reviews, particularly with regard to record-keeping and the transparency exercised out of a concern to strengthen process controls.

A new entity, the Office of Supplier Integrity and Compliance, began operations on May 31. Thanks to it, we can now respond more effectively to cases of supplier misconduct and unethical behaviour.

As for fraud detection, PSPC continues to improve its tools, which include data analysis, and to expand the ways in which it uses them. As mentioned, we have previously referred many fraudulent overbilling cases from 2022, 2023 and 2024 to the RCMP, and other internal investigations are under way.

Although those investigations are still open, I can assure you that, depending on what they reveal, those cases will also be referred to the RCMP where appropriate.

• (1210)

[English]

Going back to main estimates, I would also like to note, as part of the refocusing of government spending initiatives for this fiscal year, that the planned spending reduction for PSPC will be \$148.2 million.

Mr. Chair, the department has many other priorities stemming from budget 2024. That includes leading on the new public lands for homes plan, for which the department is now working out the details.

Budget 2024 also featured proposed funds to support Laboratories Canada and parliamentary precinct projects as well as new funds to move forward on a new pay and HR system and to expand the translation bureau's capacity.

Mr. Chair, we're pleased to answer your questions about the work under way at PSPC and our main estimates.

Thank you.

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

We'll go to Mrs. Block, please.

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

Welcome here, yet again. I know you have been here on numerous occasions as a result of the many studies that we have undertaken, and I do note that in your departmental plan, fraud and other wrongdoing remain key risks for your department. As well, as noted in the departmental plan, PSPC is taking "steps to strengthen its approach to better know who the Government of Canada conducts business with and the potential risk that they may pose."

Ms. Reza, you just stated in your opening remarks that there are a number of other investigations taking place, and, if and when necessary, they will be referred to the RCMP when that is determined.

We know that a few weeks ago, or maybe a number of weeks ago, it was announced that three names had been referred to the RCMP for investigation related to approximately \$5 million worth of contracts. What was the reason for the referral to the RCMP?

**Ms. Arianne Reza:** As you noted, we do have a very strong commitment to detecting, preventing and looking for fraud. Therefore, as part of some of the recent initiatives that we've seen since about 2018-20, we've really been using data analytics tools. As part of that, we were able to use that tool set to look at data analytics, mine the data and find cases of overbilling.

**Mrs. Kelly Block:** Overbilling was the reason you referred these cases to the RCMP. Is that correct?

**Ms. Arianne Reza:** That is correct.

**Mrs. Kelly Block:** Thank you.

That was the wrongdoing that was detected and prompted you to refer this to the RCMP. Has the RCMP confirmed that they are investigating or charging these individuals?

**Ms. Arianne Reza:** Let me start by saying that once we refer the cases to the RCMP—there have been four that have been referred since 2022—they become matters of RCMP investigation. We have no insight into it.

[Translation]

Ms. Poulin, do you have anything to add?

[English]

**Ms. Catherine Poulin (Assistant Deputy Minister, Departmental Oversight Branch, Department of Public Works and Government Services):** No, you have covered it very well.

The cases are now in the hands of the RCMP for them to pursue or not.

**Mrs. Kelly Block:** Thank you.

I know last week the minister said that we could expect future announcements. Has the department identified any other cases that may be referred to the RCMP, or are those investigations still under way, as you stated in your opening statement?

**Ms. Arianne Reza:** Yes, they're still under way and they're still in the range of between five and 10 as was publicly announced in March.

**Mrs. Kelly Block:** Thank you.

It has been 100 days since the Conservative "arrive scam" motion was passed to get money back from the fraudsters. What is the role of PSPC, if any, in recovering these funds?

**Ms. Arianne Reza:** We would support CBSA if they found any ineligible actions, any inaccuracies or any fraud. We would support them as the contract authority to be able to seek restitution. Letters to that effect have gone out to the suppliers.

**Mrs. Kelly Block:** Letters have gone out, and you support CBSA.

Are you aware if any money has been recovered to date?

**Ms. Arianne Reza:** I am not aware if any money has been recovered. I don't want to speculate at committee, but I would anticipate that there would be a result of the RCMP investigation.

• (1215)

**Mrs. Kelly Block:** Thank you.

I know the government couldn't spend money fast enough on "arrive scam" when they felt it needed to get out the door. Now we've been waiting a fair length of time to get that money recouped.

I want to turn to other testimony that was provided at a previous committee.

I believe, Ms. Reza, you were in attendance when we were discussing the procurement ombudsman's report on the government's contracting with McKinsey. Of particular focus was the national master standing offer that was established by the government for McKinsey's benchmarking services. At that time, you were asked about one of the call-ups from ESDC, which was worth \$5.7 million and was personally approved by the minister of PSPC at that time.

The procurement ombudsman found that the responses to the Treasury Board's seven standard questions when a large procurement is conducted “did not establish a link between McKinsey's exclusive rights to its benchmarking solutions and ESDC's operational requirements.” He also stated that “ESDC's reasoning did not provide a sufficient basis for PSPC to reasonably conclude that McKinsey held exclusive rights to the extent that it was the only supplier able to supply the benchmarking services.”

I know, Ms. Reza, that you were the one who sent the justification to the minister. We have now seen that document. Again, there is no sufficient justification for the call-up. It's simply a string of statements with no corroborating evidence that the call-up was necessary. In fact, there are three pages for submission data to justify the contract. For this \$5.7-million contract, the first page was not filled out fully.

How do you reconcile this? Do you have any documentation showing how the justification was made that was not offered to the ombudsman at the time of his report?

**Ms. Arianne Reza:** Thank you very much for the question.

I want to start at this place: Because of the financial delegation—the value of the contract being above officials—it went to the minister in that context. The procurement officer signed off saying that the justification provided was satisfactory. The fact is that there are no resellers of McKinsey's benchmarking services. That is a proprietary dataset. Furthermore, in Treasury Board policy on large transformation projects, having that independent benchmark is required. The justification from a PSPC perspective and that of the client was sound.

I can pause here.

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

Mrs. Atwin, go ahead, please.

**Mrs. Jenica Atwin (Fredericton, Lib.):** Thank you very much, Mr. Chair.

Thank you to my colleagues, and to Ms. Reza and officials for joining us again today.

Roughly 70% or \$3.3 billion of Public Services and Procurement Canada's requested authorities for 2024-25 would be for the core responsibility of property and infrastructure. This core responsibility also accounts for roughly 80% or \$3.2 billion of the department's revenues and other reductions.

How would the department use those funds to improve access to affordable housing—with the emphasis on “affordable”?

**Ms. Arianne Reza:** Thank you very much for the question. I'll start, then turn the floor over to the chief financial officer.

The appropriations you referred to are part of the ongoing government business of running our real property portfolio. PSPC is the largest office-holder in the Government of Canada. We also undertake many large construction projects—like you see here on Parliament Hill, or building the science and infrastructure subset, Laboratories Canada and other large construction projects. That money is mostly apportioned to keeping those large capital projects on track and moving to completion.

In terms of affordable housing, budget 2024 announced new measures that will provide PSPC with the capacity to move into the space—to look at some of the lands we have, and mobilize and accelerate. We'll look at how to use those lands and repurpose them into affordable housing.

Wojo, did you wish to add?

**Mr. Wojo Zielonka (Assistant Deputy Minister and Chief Financial Officer, Finance Branch, Department of Public Works and Government Services):** As the deputy minister stated, in prior years, we didn't really have funding for affordable housing. It's mostly what has been announced in this year's budget. In the budget announcements, it was very focused on lands for housing initiatives. Those will be reflected in supplementary estimates; they aren't reflected in our main estimates.

• (1220)

**Mrs. Jenica Atwin:** Great. Thank you.

Do you know if there's consideration for having a more ambitious target than the 54% for the indicator of the percentage of Crown-owned buildings that are in fair or better condition?

**Ms. Arianne Reza:** This is an excellent question because there is an established ladder in terms of building conditions. We look to try to see that it's fair to moderate to make sure that we can modernize the workspace, and to make sure that we can look at offsetting our carbon emissions. So there's a whole grade in there of effort and activity, and as you indicated, that is our target, but it may be reviewed during the upcoming year, especially as we move to try to convert some of our office holdings into housing.

**Mrs. Jenica Atwin:** Great. When does the federal government expect to achieve 100% total accessibility score for Crown-owned buildings, in line with the new standard?

**Ms. Arianne Reza:** We'll have to come back to you in writing with that answer.

**Mrs. Jenica Atwin:** Okay, sure. Thank you very much. What proportion of the funds requested in these estimates will be allocated to improving the capacity of the translation bureau? We've run into a few issues with a lot of our documents for this committee in particular, but I know it's something we're considering as a whole of government. Are there conversations about improving that capacity?

**Ms. Arianne Reza:** PSPC is the home of the translation bureau of the Government of Canada and, as you note, we have a lot of competing priorities, be it Parliament or the various departments that use our services. Budget 2024 gave the bureau some O and M for about \$35 million worth of work, which will help with some of the backlogs we're experiencing. It will help attract some new talent for translation and for interpreters in various different elements and different formats. It's super important to us. I know that we have been trying to keep up with the timelines for certain documents, and I have looked over the last three or four years to see the level and the volume of translation that we're doing here for the houses as well as for supporting departmental efforts. This money will be a welcome reprieve to help us.

I also think there was an intent to put together some small scholarships to be able to attract translators from across the country.

**Mrs. Jenica Atwin:** Great. Thank you very much.

I was actually at a funding announcement this morning with regard to artificial intelligence and cybersecurity, so I'm just curious about the following. What risks, if any, have you identified concerning the translation bureau's increased use of artificial intelligence solutions such as the GClngua?

**Ms. Arianne Reza:** I'll start and then I'll turn to Dominic. We actually find it's a very powerful tool to be able to help the translators reduce what has already been translated by them and focus on some of the new language coming out, some of the more high-yield, complex language where that nuance and that human interaction is important.

Dominic?

**Mr. Dominic Laporte (Assistant Deputy Minister, Procurement Branch, Department of Public Works and Government Services):** I'm happy to complement that.

We have seen huge progress with respect to AI over the last few years. For translation, the DM did mention that it's a tool, and we believe in humans, that people can increase their productivity but need to be able to leverage those tools. At the end, there is always basically a professional translator and we want to make sure that this person is going to be reviewing the material before it's being sent to the client.

**Mrs. Jenica Atwin:** Excellent. Thank you very much. I believe in people as well, but we certainly have the tools that we can harness to help us do our work.

I think that's very close to my time. Thank you very much, Mr. Chair.

**The Chair:** Thanks very much. Mrs. Vignola, please.

[Translation]

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

Ladies and gentlemen, thank you for being with us today.

Ms. Reza, I'm going to ask you the question that I put to Mr. Duclos last week concerning the disposal of land and buildings.

What I'm mainly concerned about is that, even when property is disposed of, it may still remain federal property in whole or in part, which implies that it's not necessarily the laws and regulations of the province or municipality that are being applied.

Would you please reassure me on that score? If you dispose of a piece of land or a building, it's the laws and regulations of the province or municipality that will apply to that property, not federal laws, isn't it?

• (1225)

**Ms. Arianne Reza:** Thank you for that question.

We were actually here last Wednesday and I took note of that question. We're studying the scenarios. We would like to introduce a new housing program, but we first have to form a clear understanding of the scenarios involved. We'll get back to you on that when we have more details.

**Mrs. Julie Vignola:** Thank you very much.

With regard to housing, there's no federal legislation protecting either renters or owners. Consequently, if the federal government were to be responsible for disposing of that land, it could cause a really confusing situation in Quebec in particular, and likely elsewhere in Canada too.

Earlier you mentioned ethics and supplier compliance, which are important issues to consider. So I'm going to discuss them with you.

We've also observed that this problem may not concern suppliers only and that situations could arise in which certain public servants might be involved in ethics and compliance problems.

How can we ensure that public servants act responsibly when it comes to ethics and compliance? If they aren't responsible, how can we make sure that the individuals who act unethically and fail to comply are penalized, not the suppliers?

**Ms. Arianne Reza:** Thank you for that question.

Earlier you spoke with representatives of the Treasury Board Secretariat about the Canada School of Public Service. I think the school needs to play a key role in this area.

The onus is on all public servants to know their responsibilities under the Value and Ethics Code for the Public Sector. Since we last appeared here in committee, we've begun to change our internal practices in order to have more discussions with employees and to offer them training related to their responsibilities when they need to report potential conflicts.

**Mrs. Julie Vignola:** Thank you.

Now I'll move on to another subject.



I have some good news that was recently announced in Quebec City concerning the federal government's decision to buy back the Quebec Bridge.

I see there's no mention of the purchase in the estimates, and that's because the agreement was reached just a few weeks ago. It doesn't appear in the Supplementary Estimates (A) either. We know that the Quebec Bridge, which is a heritage gem—and one that's recognized by UNESCO—is in terrible condition. We should announce that money is available to restore it.

When will we start discussing that funding? And how much would a rebuild cost per year?

Has the federal government issued calls to tender to restore the Quebec Bridge?

**Ms. Arianne Reza:** Thank you for that question.

I'll look into it, but I don't think there have been any calls to tender. We have to work with the key department, and I think that will be Infrastructure Canada. We'll verify that information.

We'll be there to provide assistance when the time comes to award contracts to repair the bridge, or to meet any other needs.

**Mrs. Julie Vignola:** Thank you very much.

Please don't be offended, Ms. Reza, but I'm going to go to Mr. Page.

Mr. Page, Mirabel International Airport is a major aeronautics centre, particularly for training and aircraft maintenance.

With regard to the F-35 purchase contracts, is Mirabel still the preferred aircraft maintenance and repairs facility?

**Mr. Simon Page (Assistant Deputy Minister, Defence and Marine Procurement, Department of Public Works and Government Services):** Thank you very much for your question.

As you know, the F-35 acquisition program is under way. We expect to receive the first aircraft here in Canada in 2026 and 2027.

As regards the economic impact for Canada, there are many components in this project, and we've initiated one to organize a competition to select an engine maintenance warehouse.

We've begun the process with the U.S. Joint Program Office because we're now conducting our activities under a partnership agreement. Companies across Canada will be involved in this selection process.

**Mrs. Julie Vignola:** I would note that Mirabel already has extensive expertise in this area.

Am I to understand that this expertise isn't really recognized and that it could easily be forgotten?

• (1230)

**Mr. Simon Page:** We're very much aware of Mirabel's expertise, and we always make good use of it.

Once we've selected an engine maintenance warehouse, as I just said, we will proceed with other selection processes, this time for an airframe warehouse.

[English]

**The Chair:** I'm afraid I have to cut you off, Mr. Page. We are out of time, but perhaps on the next intervention....

Mr. Bachrach, go ahead, please.

**Mr. Taylor Bachrach:** Thank you, Mr. Chair, and thanks to our witnesses.

In my questioning of the officials from the Treasury Board, we were talking about the return-to-work directive and the process for ensuring that the physical spaces that employees are returning to are appropriate for their jobs. My question was around what standards PSPC utilizes in that process, because I'm hearing from public sector employees who are concerned that the spaces they're being asked to return to are not always going to be appropriate for the tasks they're asked to perform.

Is there a defined standard for returning to an office environment that PSPC is utilizing?

**Ms. Arianne Reza:** Thank you very much.

I'll start with one quick additional comment. We're doing two things at once. We're looking to reduce the portfolio by 50%, so to remove land, and that means we're going to densify a lot of the buildings.

In terms of the fit-up that you ask about, we do two things. We follow provincial and federal building codes that are set by various federal, provincial, territorial.... The federal ones have an NRC, National Research Council, link.

As it relates to the fit-up, we also look at the industry standards for office space, and we're consistent. We are moving to a new standard, and they're formalizing what that will look like. It will be approximately nine metres squared.

I would add that the key addition here is that not all office space is equal. You may need special purpose space depending on the type of work you're in, depending on if you're dealing with highly sensitive legal matters, if there's national security. It is not a standard that will be applied as one-size-fits-all, and every deputy head is going to be looking at how best to optimize that space so the employees have a space that's welcoming and accessible.

**Mr. Taylor Bachrach:** For a generic office job, asking an employee to return to that office, they should expect about nine metres squared per employee for their function.

**Ms. Arianne Reza:** Roughly, yes.

**Mr. Taylor Bachrach:** In terms of the rest of the work environment, when it comes to privacy, the sound environment, that kind of thing, are there standards for that as well, or does it vary by workplace?

**Ms. Arianne Reza:** Again, I think that is going to be consistent with the federal standards that are established through the building codes, the provincial....

I heard you in your earlier comment talking about people who don't have desks. That's obviously not acceptable. Over the course of the remainder of the year, we will be looking to make sure that it's as seamless as possible as we go to unassigned.

**Mr. Taylor Bachrach:** There was a mention of a four-month period that employers were being given to ensure that the new workspaces employees were being asked to return to were appropriate. Is four months enough time? When you're talking about renovations of buildings, that seems like an incredibly short amount of time.

**Ms. Arianne Reza:** I would agree with that statement. We have to make sure that.... This currently is two to three days for employees. There is enough space currently for the two to three. In terms of four months, it will be ambitious.

I've had discussions with TBS in terms of making sure that the fall ramp-up is to the best of our ability, understanding that there will be some exceptions. There are some major buildings here in the national capital region that are under construction, so automatically we'll have to look at swing space.

I would add another point. We talk about physical fit-up, but that fit-up has to be like the room here. There has to be tech in place. There have to be screens in place. We're working very closely with Shared Services Canada to make sure it is a holistic office.

**Mr. Taylor Bachrach:** When we're talking about an office building in downtown Ottawa, people have one vision of what that looks like in terms of bringing employees back to work.

In the area I represent, we're talking about federal government offices in rural communities in all sorts of different situations. Some of them are in very old buildings, and the employer is being asked to make these buildings ready to receive employees who have been working remotely. We're hearing concerns from those employees that the space is not going to meet their needs, that it's not going to be appropriate for the tasks they're asked to perform.

Are there concerns in smaller communities that when we're dealing with older buildings and smaller buildings, four months is not going to be adequate to meet people's needs?

• (1235)

**Ms. Arianne Reza:** Similar to the concerns here in the national capital region, absolutely. There are two tracks. It's looking at it in the various regions to see how best to optimize it so that the employee has an office to go to, that it's ready, that it's in place. Otherwise, there has to be some understanding of timelines.

In terms of the region, there is another area that I find interesting. Do we centralize it if there's a hub? Do we continue with decentralizing in rural areas? It's really looking at the best possible support for the employee and for service delivery.

**Mr. Taylor Bachrach:** We've heard a variety of opinions on the net benefits of this directive. I haven't seen any sort of empirical evidence of the benefits that we're trying to secure as a government. Can you provide to the committee what empirical analysis has been done around things like productivity, satisfaction and those kinds of things? It seems to me that if a lot of the workforce is upset about the directive, and they're coming back to the workplace and being squeezed into these offices in the next four months, we'll actually

have a less productive workforce in the public service than we had before.

First, what's the empirical evidence, and second, what's the plan for managing that dynamic?

**The Chair:** I'm afraid there's no time for an answer.

**Mr. Taylor Bachrach:** I just have a way of ending with a question.

I'll let it linger.

**The Chair:** Okay. We'll get back to you.

Mrs. Block, you have five minutes, please.

**Mrs. Kelly Block:** Thank you, Chair.

Ms. Reza, I'll circle back to the subject of my questions in my first round of questioning. What I'm really grappling with is this: How do we reconcile the fact that PSPC, you yourself as the deputy minister and the ombudsman appear to completely disagree with what can be termed as "robust justification" when it comes to contracting? As I stated earlier, the ombudsman found that the answers to the seven Treasury Board questions were insufficient.

Who was the contracting officer you referenced in the memo to the minister who appeared satisfied with the answers to those seven Treasury Board questions?

**Ms. Arianne Reza:** Thank you very much.

I think it is important to note that PSPC and the deputy, myself, have accepted all the recommendations of the procurement ombudsman. I don't want there to be a sense that there's light.... I think that's important, because we welcome that kind of sunlight on our practices to make sure we have rigour.

We have submitted to the committee the names of all the procurement officers.

I'll turn to you, if you have anything else to add.

**Mr. Dominic Laporte:** Thank you.

If I may, we've learned a lot from this report. I would say that the challenge function being played right now by our contracting officers is much, much greater. The OPO made that very clear, that there was a challenge function to play. On future sole source, we've learned from the OPO. We're also learning and are tweaking the process accordingly.

**Mrs. Kelly Block:** Thank you. I appreciate that.

You've accepted the recommendations, and going forward you're going to look towards implementing them, but I do sense that there's a bit of a disagreement between what the ombudsman found in this particular case, this particular contract, and what you yourself believe to have been robust justification for why McKinsey was the only contractor that would have been able to hold the exclusive rights to this contract.

What mechanisms are in place for PSPC to push back on, say, another department's justification? If you don't believe they've provided robust justification, what are the mechanisms in place to push back on that?

**Ms. Arianne Reza:** Thank you very much for the question.

In fact, in the example you just cited, the procurement officer did push back. They actually drilled down on those seven questions and asked for additional information. That's an example.

There's an opportunity to advise their manager and supervisor that they don't agree with the client. There's an opportunity with some of the new rules that have been put in place by Treasury Board to emphasize the role of the manager in the client department. As I'm sure the committee is seized with, there are roles and responsibilities for both procurement as the contracting authority and the client. In terms of understanding better and making sure it's clear of the escalation around it and what is actually a way to document the rigour, I think I have learned a lot in the last year and a half in this area around the rigour of the documentation.

• (1240)

**Mrs. Kelly Block:** Thank you very much. I appreciate the fact that you are taking this to heart and have been learning much around the rigour that needs to be applied.

I do have one last question. Will you provide the committee with a copy of the seven Treasury Board questions, the answers that were provided to justify this particular contract and the further justification that was sought by the contracting officer?

**Ms. Arianne Reza:** Certainly. I thought it had been, but I will be happy to confirm.

**Mrs. Kelly Block:** Thank you.

**The Chair:** Mr. Kusmierczyk, you have the floor.

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

Thank you so much once again for being with us in front of a committee. You've always been ready to come here, to testify, to provide insights and to answer questions. I want to say thank you for the tremendous work you do.

I want to talk a little bit about the translation bureau and some of the funding that has been allocated for it and how we are boosting the bureau's work. Specifically, knowing that this month of June is DeafBlind Awareness Month, I want to ask what types of additional services we are implementing to ensure access to information to Canadians who are deaf, deaf-blind and deafened.

**Ms. Arianne Reza:** I'll start, and then I'll turn to Dominic.

One of the things that's key and I think is helpful for this committee to be aware of is that every day we see increasing demands for the services of the translation bureau, not only in the written form but with our interpreters, as well as providing service to all Canadians. For example, we're now working on making sure that, for our meetings, we have translation available in both English and French for the deaf community. We're looking at more and more access along these lines, so I'm glad you raised it.

I would also note that demand keeps going up for all of the services. While we received \$35 million from the budget, we are continuing to look at how best to allocate it. A real example for this committee to consider is that, in 2020, four years ago, we spent about \$20 million a year on translation costs for the Senate and the House of Commons. We're going to be at \$50 million this year, and we absorb that internally, so it's very important that we're able to provide services to people who need it for the interpretation and the translation.

On interpretation, I'm going to turn to Dominic, who is now the ADM of procurement. He used to be the CEO of the translation bureau.

**Mr. Dominic Laporte:** A lot of new safety measures have been put in place for language interpreters, as you know, in the room. Over the last three to four years, new measures have been put in place. The translation bureau is also looking at increasing capacity and taking a lot of steps to increase the capacity for interpretation.

You spoke also about sign language interpreters. This is often-times, I would say, a hidden gem that we're not necessarily aware of, the translation that PSPC does on a day-to-day basis. We provide sign language interpretation for those who are deaf, who cannot necessarily hear, and government employees when we have a conference. Of course, there is also the need to make sure that we're able to train a new generation of sign interpreters, and additional funding could be used for that. Also, we've been liaising with the chief accessibility officer of Canada to make sure that the needs are properly understood.

Again, I would say that there's a lot of training and recruitment with university scholarships. Those are some of the examples of things that will be done with the new funding.

**Mr. Irek Kusmierczyk:** That's wonderful. I do appreciate the answer.

Maybe you're able to provide the committee, perhaps in a written response, a picture for us of, let's say, the last five years or the last three years and how the demand for translation services has increased. That would be in terms of the volume of requests, pages, and things like that. That would help our committee and our work as well, too, if you can provide that for us. Just paint a picture of this increase in demand for translation services.

I want to change gears and talk about greenhouse gas emissions. PSPC reduced greenhouse gas emissions, as I understand it, by 59.9%. It's interesting that Mexico just elected its first woman president and first climate scientist. This is President Claudia Scheinbaum, who was a co-author of one of the Intergovernmental Panel on Climate Change reports. Here in Canada, we have a leader of the opposition, the Conservative opposition, who doesn't even believe in climate change and doesn't believe in action on climate change.

I just wanted to ask you what PSPC is doing to help us fight climate change, if you can paint a picture for us on that.

• (1245)

**Ms. Arianne Reza:** Certainly. As you know, PSPC is the real property owner of the Government of Canada. There are other custodian departments, but we are among the largest. We have a responsibility for greening government operations. We spoke earlier about the return to the office and what that looks like in terms of our carbon reduction and what we're doing here, for example, in the parliamentary precinct with the ESAP. There is a lot, and PSPC is quarterbacking that and has seen a lot of building reductions and, at the same time, is looking at new building materials.

**The Chair:** Thanks very much.

Mrs. Vignola, please go ahead for two and a half minutes.

[*Translation*]

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

I have a lot of questions.

We've discussed the contract modernization initiative and how to simplify the system. My main concern, however, is about adapting to the realities of small and medium-sized businesses, SMEs.

SMEs may employ few employees, sometimes just one or two, who can provide real services. They aren't just down in their basement recruiting people. However, red tape occupies incalculable numbers of working hours.

How do you adjust to the situations of SMEs in the context of this initiative?

**Ms. Arianne Reza:** Thank you.

We often ask ourselves that question. We're in the process of examining the rules, their implications, how to make requests and related policy. It's a very difficult situation because it becomes an administrative burden. You have to find a way to modernize the system and lighten that load.

You may have heard about the new electronic procurement system. It's a very useful system because suppliers will need to enter their data only once. They'll also be able to make changes to their information. Right now, they have to start over from scratch when they want to edit it.

You've previously heard about the issues associated with system security. Security is guaranteed in 99.9% of cases. The problem is that the information isn't in the right file. We want to correct those types of issues.

Mr. Laporte may have something to add.

**Mr. Dominic Laporte:** Thank you.

Yes, I'd like to add a few details.

**Mrs. Julie Vignola:** Thank you, but, for the moment, I have to move on to my next question.

We've seen that major renovation work is currently under way at Place du Portage in Gatineau's Hull sector. Work on one of the buildings seems to be almost complete. At least they've installed some windows.

Please reassure me that they aren't just switching out windows. They are beautiful new windows, but what other changes do these renovations involve? How long will it take to complete the project and how much will it cost?

**Ms. Arianne Reza:** To begin—

[*English*]

**The Chair:** I apologize for interrupting. You only have about 10 seconds left. Perhaps that's something you could provide in writing to us, because it would seem to be a rather large answer.

[*Translation*]

**Ms. Arianne Reza:** There were a lot of construction problems at that location, but we're also doing interior work.

The reason for the work now under way is to ensure that the exterior of the buildings is up to standard.

[*English*]

**The Chair:** Mr. Bachrach, go ahead, please.

**Mr. Taylor Bachrach:** Thank you, Mr. Chair.

Four and a half or so years ago, one of the first meetings I had with then transport minister Marc Garneau was about a federal property on Haida Gwaii, the Sandspit Inn, which is owned by Transport Canada. The community has been trying to get it back into community hands. It was once operated by the community as a hotel. When the lease wasn't renewed.... That process has been ongoing for over four years.

Talking about this desire to reduce the footprint of public sector buildings by 50%, it looks very different in rural communities. A four-and-a-half-year process, which still hasn't been completed, to divest the government of this property that could be used for the benefit of the community seems like a long time. I hear all sorts of stories about studies being done that seem to take forever. There is lots of poking and prodding going on.

With this new mandate to create housing, to use federal properties and to meet community goals, what is being done to accelerate those processes? They seem to go at a snail's pace.

• (1250)

**Ms. Arianne Reza:** I'm so glad that you mentioned the Sandspit Inn. I wrote "Sandspit" in my notes. I was looking at it earlier, but I had not put "Inn". Now I have that context.

I think there are two things to be aware of.

Traditionally, it has taken us approximately nine years, as the Government of Canada, to dispose of a property. It has to be circulated, and people have to put up their hands for an expression of interest.

In the new model, what we're going to try to do is avoid the disposal process and actually look at using surplus lands to build affordable housing and have a housing program around that.

I took careful note in earlier testimony around expression of interest. That is something we're working on every day. What does initial expression of interest look like so the community can get to us and we can get to the community and build those criteria? We're not going to get everything. We're going to try to get as much as possible so we can hear what is helpful to the community.

Going back to the location of this property in question, having an inventory.... There is a federal land registry that's maintained by TBS. We have actually mapped out that whole federal inventory to be able to make sure Transport Canada is coming to us saying, "We want to dispose of this property and we want to engage the community. How can you, PSPC, help us accelerate that and remove the dwell time?"

**Mr. Taylor Bachrach:** Can you go to them? Are you going to wait for them to come to you? I guess we're four and a half years in. You say that it used to take nine years. I'm just wondering how it can be accelerated, given that it's a legacy...it's in process. Can PSPC intervene and say, "Hey, you're working on this, so let's work together to get this done in the next six months so the community—

**The Chair:** I'm sorry. I'm afraid that's past our time, but it's another one to get back to us on in writing, and I'm glad you've been writing notes about the Sandspit Inn.

Mr. Genuis, please, for five.

**Mr. Garnett Genuis:** Thank you, Chair.

I too want to share my congratulations for the new president of Mexico. I'm sure the Prime Minister of Canada looks forward to showing off his socks at the next three amigos summit.

I want to ask about companies operating on the GC Strategies model. We've talked a lot about ArriveCAN specifically, but we have also been able to identify that there seem to be many companies operating on essentially the same model, that is, very small companies of one, two or three individuals operating out of a residential address. Their business is getting government contracts. That's it. That's what they do. They get government contracts and subcontract.

Is it the view of the Government of Canada that we should not be contracting to companies that are using the GC Strategies model and that instead we should be going more directly to the companies who do the actual work? Or are you comfortable with this model continuing to be a big part of government procurement?

**Ms. Arianne Reza:** Thank you very much for the question. I think it's fair to say that it's been consistently asked of me for several appearances.

This IT staff augmentation.... It doesn't have to be IT, but the staff augmentation model is used by every country, jurisdictions in Canada and the private sector. It's a well-known model.

In terms of the efficiency it provides to the Government of Canada, going directly to consultants may not be the most efficient way. That being said, I think the member actually asked me this question several months ago, and I did start to look at whether or not we would have the capacity and what capacity we would need if we wanted to go right to individual suppliers.

Staff augmentation is a legitimate type of business that we do and we haven't to date looked at the size, understanding that is one of the key elements you bring—the small SMEs. We haven't used that as a rate limiting factor for computing.

**Mr. Garnett Genuis:** Yes. Thank you.

Can I just ask, though, why is this staff augmentation or GC Strategies model necessary? It would seem to me that it shouldn't be that difficult to have a detailed database or inventory in government about the specific skills that exist out there. It seems that this model is actually used to get around a perceived excessive complexity of procurement, that this model is used because somebody has an existing standing offer or an existing relationship with government. It's actually a vehicle for getting around red tape and not a necessary part of the system.

Why couldn't the government have—internally—the people who have an expertise in finding the appropriate outside consultants maintain a detailed database of that information? Why would that not be possible?

• (1255)

**Ms. Arianne Reza:** Thank you very much for the question.

I think there are three key points here, one of which is government HR staffing: making sure that we have the right skill sets to do what you propose. Two is the actual procurement: What is it that we're trying to bring in? It's what services we're trying to bring in. The third is that project management piece.

When I listen to the member, I think a lot about project management. We're trying to deliver a service to Canadians. We're going to need to bring in some temporary staff augmentation, be it IT, be it project management, be it pay and, traditionally, staff augmentation firms have been the most efficient way to bring all of that together.

**Mr. Garnett Genuis:** Okay. I've asked this question a few times because I'm still perplexed in general by the government's approach to this. It would seem that project management capacity in particular is something that there should be a significant amount of skill for within the government.

I do want to try to get one or another couple of questions in, though. It seems that when I look at the documents we received on indigenous procurement, there are a couple of companies that are getting an enormous amount of the contracts: Ottawa-based and, in some cases, very small firms.

How much do you think is too much? If 5% of the set-aside is for indigenous companies and we're finding that a very small number of companies are getting a lot of those deals—3%, 5% or 7% of all of the contracts—would that suggest there's a problem? What percentage do you think would be too much of that overall share?

**The Chair:** Give a short answer, please.

**Ms. Arianne Reza:** Thank you very much.

Again, I heard the question asked and started to think about it. We don't offer a cap on any company that competes for government business. There is no similar approach in non-indigenous firms, so I don't understand why it would be there for indigenous firms. There are 50,000 indigenous firms in Canada. Whether or not they're registered on the indigenous procurement business list is for them to decide. We try to encourage them in order to get that number up so we have more of a competitive pool.

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

Mr. Sousa.

**Mr. Charles Sousa:** Thank you, Mr. Chair.

Thank you, Deputy Minister and team, for being here today.

There's a lot of discussion around this table about procurement and fraud, detection of fraud and safeguarding our position to ensure that we take the proper measures going forward. Certainly, in the 2024-25 departmental plan, a lot of concern was noted by the department. This has been initiated by the department. Of course, there is a lot of discussion among independent officers of the Crown, be it the ombudsman or the Auditor General.

I have a couple of questions in regard to this.

I guess what I'm trying to get down to is engagement by the committee versus internal investigations that are ongoing. Do the targets of your investigations always know they're being investigated?

**Ms. Arianne Reza:** Thank you very much for the question. I'm going to start, and then turn to Catherine.

I understand this is an area of interest for this and other committees. We traditionally have a very aggressive stance towards fraud. Whether it's within our own workforce or among suppliers, we have a lot of fraud detection and deterrence in place. We talk about it a lot at PSPC, because we are the department responsible for procurement and the best disinfectant is sunlight. We really spend a lot of time.

In terms of individual investigations, I think the answer is that it depends.

Catherine.

**Ms. Catherine Poulin:** Thank you very much for the question.

When an internal investigation is started, at some point in time, the individual under investigation will be notified that they are under investigation because, in those internal processes, we are trying to build due process and fairness for those people. They have the right to know what evidence is held against them and to reply to the allegations against them.

**Mr. Charles Sousa:** When the RCMP gets involved, what is their caution to you? What is it that concerns the investigator during an investigation?

**Ms. Catherine Poulin:** Thank you very much for the question.

Once we turn the investigation over to the RCMP, our work is basically done. It will be for the RCMP to decide what they are going to do with our referral. They do not necessarily inform us if and when they will take action on our cases.

• (1300)

**Mr. Charles Sousa:** Are there risks to the investigation when elected officials start to investigate the investigator or oversee the investigation when there is a proper due process in place?

**Ms. Catherine Poulin:** Thank you so much for the question.

I would say that yes, there are big risks when this comes into the public domain, because those people have the right to a fair and natural sense of justice. The RCMP or any other law enforcement agency will want to use some investigative techniques and approaches. To protect the integrity of those investigations, it's very important that those elements are kept private in order to allow them to do their job and decide, if an element of criminality is found, to lay charges against the people who may have defrauded the Government of Canada.

**Mr. Charles Sousa:** PSPC has obviously been engaged in a number of investigations of late. Do you co-operate with the Auditor General? Do you co-operate with the ombudsman? Do you co-operate with the Ethics Commissioner? Are you engaged in these discussions to some extent?

**Ms. Arianne Reza:** We are certainly engaged in the discussions. We support the procurement ombuds and the OAG. We respond, we are reactive, we share information and we are proactive in many cases.

As it relates to the RCMP and PSIC, do you want to add something?

**Ms. Catherine Poulin:** We are co-operating. Moreover, we are sharing findings and best practices. We are making sure that people are aware of those cases, without revealing any private information. We're making sure that we also work with OGDs to leverage the capacity to prevent, detect and respond to those cases.

**Ms. Arianne Reza:** If you'll permit me, I'll add that we also have a responsibility with the Competition Bureau and the RCMP. We run the contract fraud line, which is another way we're able to intake information, start investigations and review and refer matters.

**Mr. Charles Sousa:** Chair, my time is up.

**The Chair:** It is. Thanks very much.

Witnesses, thanks for being with us again.

Ms. Reza, just really quickly, I think what I'm hearing from a couple of people regarding the number of contracts and the piece about going to a small amount is just.... If there's a belief from your side that the system might be broken, if we have so many indigenous suppliers but so few are winning so many contracts, it is a concern. I don't need a response now, but if I could put that to you, I think it is a concern. Maybe the next time we see you, we can follow up on that a bit more.

**Ms. Arianne Reza:** Someone can invite invite ISC to join us as well.

**The Chair:** Wonderful. Thank you for joining us again. We will dismiss you.

Colleagues, I have three budgets that I have to get approved very quickly, please.

The first one is for—this is upper limit—\$500 for LIAI.

(Motion agreed to)

**The Chair:** Thank you.

The second is for \$1,750, which is again the upper limit, for the supplementary estimates (A), including today.

(Motion agreed to)

**The Chair:** The last one is \$2,000 for the Canada Post study, which includes last week's meeting.

(Motion agreed to)

**The Chair:** We're all good.

Just quickly, on Wednesday, we will have Mr. Doan. On Monday, June 10, we will have the Auditor General on the McKinsey study, which we commissioned, so to speak. June 12 will be for the red tape study. On June 17, tentatively, it looks like we'll have the PBO for the supplementary estimates (A). On June 19, we'll have Minister Anand. There are no supplementary estimates (A) for PSPC, so we will not see them. On June 21, we will play it by ear if we are still sitting.

We are adjourned.

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