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• (1120)

[*English*]

The Chair (Mr. Kelly McCauley (Edmonton West, CPC)):
Good morning, everyone. I apologize for the delay.

I call this meeting to order.

Welcome to meeting number 148 of the House of Commons Standing Committee on Government Operations and Estimates, the mighty OGGO.

Before we start, we were going to resume our discussion regarding the CBSA deleted emails. We've received a lot of updated information. First, the emails were lost. Then they were "unlost", and then they were sent.

I'll turn it over for a couple seconds to our clerk, and he can explain where the file is, so everyone can access it.

[*Translation*]

The Clerk of the Committee (Mr. Marc-Olivier Girard):
Thank you, Mr. Chair.

I would like to apologize to committee members.

After doing some research over the last hour, we discovered that the documents were indeed sent to committee members on April 12, but that they were not filed under the heading of the motion for the production of committee documents. In fact, they were mistakenly filed under the documents that pertained to all contracts between the Government of Canada and GC Strategies, Dalian Enterprises or Coradix, whereas they actually pertained to the emails of official Minh Doan.

Again, I apologize. Later today, I will probably send out the emails that were originally distributed on April 12, but this time they will be filed under the correct heading and properly located on SharePoint.

[*English*]

The Chair: Thank you, sir.

I'm going to suggest that we go right to our witnesses and allow time for Mrs. Kusie to revise the motion to reflect our committee's general concern over the deleted hard drive or the corrupted hard drive. I will set aside time next Tuesday to discuss that part of the issue.

We will say hello to our witnesses.

Thank you for joining us a few minutes early.

I understand, Ms. Wilson, that you have an opening statement for us.

Please go ahead. The floor is yours for five minutes.

Ms. Gina Wilson (Deputy Minister, Department of Indigenous Services): *Kwe. Hello. Bonjour, everyone.*

It's a beautiful autumn day here today on the land of my ancestors and the land of my current relatives, the Algonquin Anishinabe, and I wish you all a good morning.

[*Translation*]

I am joined here today by my colleagues from Indigenous Services Canada to speak about the department's support to indigenous peoples through access to federal procurement opportunities.

I would also like to speak to the work we are doing with partners to make improvements to the current Procurement Strategy for Indigenous Business. This includes work under way to ensure that first nations, Inuit and Métis peoples identify eligible indigenous businesses.

[*English*]

First I'll give some history and context of the rationale for creating the procurement strategy for indigenous businesses, which I will refer to as PSIB.

Indigenous people in Canada comprise approximately 5% of the overall population in Canada, yet, historically, businesses owned by first nations, Inuit and Métis entrepreneurs were consistently awarded a lower percentage of federal contracts.

In the early 1990s, the government saw an opportunity to increase indigenous people's access to procurement opportunities. In 1995, the eligibility criteria for the current PSIB, then under a slightly different name, was approved. Based on engagements with indigenous businesses, economic development organizations and national indigenous organizations, in 2021, Public Services and Procurement Canada, with support from Indigenous Services Canada and Treasury Board Secretariat, created more opportunities by implementing the mandatory minimum 5% indigenous procurement target. Updates were also made to PSIB to optimize opportunities for first nations, Inuit and Métis people in federal procurement.

Today, the PSIB and the mandatory 5% target continue to be two important ways that the Government of Canada supports indigenous businesses, indigenous community-owned businesses and indigenous entrepreneurs across the country.

I want to directly address the tangible economic benefits and supports for indigenous business development. Securing government contracts can lead to a steady revenue stream and provide financial stability to help indigenous businesses grow. Winning a government contract can help a business gain valuable experience and build credibility, which can open the door to other contracting opportunities. When a contract is awarded to a community-owned business such as a first nation-owned business, it has a direct positive socio-economic impact on the community. When a contract is awarded to a business owned by indigenous individuals, it has a direct positive impact on the indigenous people who own and operate that business, and it has an indirect positive socio-economic impact on the broader community.

[Translation]

We know that economic and social conditions are ever-evolving. In 2021, to meet these evolving needs, Indigenous Services Canada established a five-year plan to engage indigenous partners and co-develop a transformative indigenous procurement strategy. These reforms will improve existing procurement policies and programs and help ensure that benefits intended for indigenous people go to indigenous people.

[English]

This five-year process is currently under way. A key message delivered by partners in our co-development discussions is that first nations, Inuit and Métis are best positioned to verify and define “indigenous businesses”. My department is committed to working with these partners to develop a path forward to transferring the verification of indigenous businesses to indigenous partners.

To conclude, I'd like to emphasize that increasing economic opportunities and supporting economic development are essential to ISC's priorities in advancing self-determination and closing socio-economic gaps. Opportunities for indigenous businesses through Canada's procurement operations are important contributors to this economic agenda. It's about fostering long-term partnerships that lead to self-sufficiency and growth. Involving first nation, Inuit and Métis businesses in supply chains helps to ensure that wealth generated from these activities stays in communities and with indigenous entrepreneurs. This supports local development, job creation and cultural preservation.

I welcome your questions.

Meegwetch.

• (1125)

The Chair: Thanks very much, Ms. Wilson.

We'll start with Mrs. Kusie, please.

Go ahead.

Mrs. Stephanie Kusie (Calgary Midnapore, CPC): Thank you, Chair, and thank you very much to our witnesses for being here today. *Meegwetch.*

I'm Stephanie Kusie, member of Parliament for Calgary Midnapore. Coming from Calgary, I come from the land of Treaty 7 and Métis Region 3, so thank you very much for being here with us today.

My first question, Madam Wilson, is this: Why isn't the Minister of Indigenous Services here today? The committee unanimously agreed to invite her to come. Why isn't she here today?

Ms. Gina Wilson: I didn't have an opportunity to have that discussion with her, so I'm not quite aware. You'd have to ask her.

Mrs. Stephanie Kusie: Okay. Thank you.

The AFN told this committee that they believe most of the contracts for the government's indigenous procurement program have gone to shell companies. Do you believe they are correct?

Ms. Gina Wilson: I heard the testimony that was provided by the AFN regional chief, Joanna Bernard, I believe. I have a great deal of respect for her. We've actually reached out to the AFN to try to corroborate some of the evidence and testimony they provided. We haven't received a full response, either to the notion of shell companies and their numbers there, or to the 1%, so we'll continue to work with them, and hopefully they'll have more information for us.

Mrs. Stephanie Kusie: Okay, so from your response I'm sensing that you feel that perhaps their response, the information they provided this committee, requires further information from your department. Would that be the best summary of your response, would you say?

Ms. Gina Wilson: I would say that we do not have any evidence, at least from our perspective, as to the numbers that were provided, no evidence of the data points that were provided.

Mrs. Stephanie Kusie: Okay, thank you very much.

Do you conduct audits regarding compliance with indigenous procurement rules?

Ms. Gina Wilson: We do indeed provide audits, and I might ask Jessica to speak to our pre-audit, post-audit, and random-audit processes.

Ms. Jessica Sultan (Director General, Economic Policy Development, Department of Indigenous Services): Thank you very much.

The procurement strategy for indigenous business requires three specific types of audit: a pre-award audit, which is mandatory for contracts that are over \$2 million and voluntary otherwise; discretionary audits, which can be requested by either Indigenous Services Canada or the client or the contracting authority; and also post-award audits, which are done at the request of the client or Indigenous Services Canada.

Mrs. Stephanie Kusie: Then how many audits has the department conducted to date, please?

Ms. Jessica Sultan: This year I can confirm that since December 2023 we have completed 19 pre-award audits, and we have 12 post-award audits currently under way.

Mrs. Stephanie Kusie: Could you please share with the committee on which companies you conducted the audits?

Ms. Jessica Sultan: Are you asking about the pre-award audits?

Mrs. Stephanie Kusie: Which companies specifically would be listed under the pre-award audits?

Ms. Jessica Sultan: Can you give me a moment, please?

Mrs. Stephanie Kusie: Certainly.

Ms. Jessica Sultan: Unfortunately, I don't have the list of which companies were done, but we could provide that if desired.

Mrs. Stephanie Kusie: If you could please provide that to the committee, that would be much appreciated.

I wanted to go now to the ArriveCAN issue, the abuse of joint ventures and the relationship to indigenous contracting. As I'm sure you're aware, Dalian is a two-person company that qualified as indigenous. It formed a partnership with Coradix, and that partnership was able to obtain contracts under the indigenous procurement set-aside, even though Coradix has a substantial number of employees and Dalian effectively has just the two partners.

Dalian struggled to answer simple questions about the work they actually completed, and it would seem that Dalian is there to allow the non-indigenous company, Coradix, to obtain opportunities meant specifically for indigenous businesses, which, as I understand, is the objective of the program.

In your opinion, do you see what happened in the case of ArriveCAN as being an abuse of the program?

• (1130)

Ms. Gina Wilson: I don't have a personal opinion on that actual question. I'm following it, like everyone else, in terms of the audit and the Auditor General.

Mrs. Stephanie Kusie: Would this potentially be one of the current audits of the department?

Ms. Gina Wilson: Okay, I got it.

We no longer have Dalian or companies in joint venture with Dalian in the indigenous business directory, and we do not have any contracts with Dalian or Coradix. They were suspended on March 12 from the indigenous business directory due to questionable factors being raised in the media and here in committee sessions. In fact, PSPC announced their suspension more broadly around the same time.

Mrs. Stephanie Kusie: Thank you.

Would you be able to indicate if Mr. David Yeo was involved in the designing of the program itself?

Ms. Jessica Sultan: We are not able to confirm that fact. I do understand that there was information provided by Mr. Yeo. I can confirm, however, that when the PSAB, as it was known at the time, was put in place, there was extensive consultation with many stakeholders. It's possible that Mr. Yeo, as a business owner, could have been one of them.

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

Meegwetch.

The Chair: Mrs. Atwin, go ahead please.

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

Thank you very much to our witnesses for being with us today.

Right off the top, how does Indigenous Services Canada verify the eligibility of indigenous businesses in the directory? Can you walk us through that process?

Ms. Gina Wilson: I just want to be really clear. It's a bit complicated, and I want to read it clearly.

At this time, to be eligible for a PSAB contract, an indigenous business must be "51% owned and controlled" by indigenous people and must demonstrate an ability to make sure that "33% of the total value of work performed...is performed by the Indigenous business" or by subcontractors that also meet that 51% ownership and control criterion throughout the life of the contract.

I want to add as well that the 33% requirement does not mean that 33% of the business's employees must be indigenous. There's no requirement for that. That was a condition that existed a number of years ago, but on the advice of indigenous partners in 2018 and 2019, the government removed that requirement for employees because it created a barrier for some indigenous-owned and controlled businesses.

Mrs. Jenica Atwin: Thank you.

How does Indigenous Services Canada work with first nations, Inuit and Métis partners to assess if a business is eligible for the indigenous business directory?

Ms. Jessica Sultan: When a business applies to be in the indigenous business directory, or IBD, there are two pieces of information that need to be provided. One is proof of indigeneity, and the other is proof of minimum 51% indigenous ownership and control.

When Indigenous Services Canada receives documentation regarding proof of indigeneity, if the person has provided a status card, that would be verified by the government itself with the Indian register.

In other cases—for example, if there are identity cards from the MNA or MMF—we would go directly to the organization itself and verify that the organization recognizes the individual as a member. That's the way we confirm that the indigeneity documentation is valid.

Mrs. Jenica Atwin: Has this process evolved over time? Are you taking measures to strengthen those processes?

• (1135)

Ms. Jessica Sultan: Absolutely. That, for example, is one way in which we have strengthened the process, by creating those relationships and maintaining those relationships with the organizations or nations themselves, so indigenous people are, in fact, confirming who is part of their community.

Mrs. Jenica Atwin: Does Indigenous Services Canada have any role in validating or assessing the use of subcontractors for other departments?

Ms. Gina Wilson: Yes, we do.

Go ahead.

Ms. Jessica Sultan: As has been testified at this committee, the government doesn't have a relationship with subcontractors; we have a relationship with the prime one.

That said, I think the question probably relates to the 33% requirement and subcontractors in that context. There are mechanisms by which the government does verify compliance with the 33%, including with subcontractors. I'd be happy to speak to that if that's of interest.

Mrs. Jenica Atwin: Yes, go ahead, please.

Ms. Jessica Sultan: In order to ensure that there is compliance throughout the contracting process, first there is a certification by the vendor that they will meet the 33% requirement.

Second, that is put into the terms and conditions of the contract, and those terms and conditions have to flow from the prime to the subcontractors. That requirement is also in the subcontracted contracts.

Third, it's the responsibility of the client department or the department that's receiving the good or service to verify throughout the life of the contract that the compliance to the 33% value criteria is met.

Finally, there's an audit option, and that would be a discretionary audit that could be requested, if required, at any time. As well, a post-award audit could be requested as a final way to verify compliance, should there be concerns at the termination of the contract that the 33% may not have been met.

Mrs. Jenica Atwin: Thank you very much.

From your understanding, if it came to light that a supplier did not meet that provision, would it be considered a breach of contract?

Ms. Jessica Sultan: Yes, absolutely.

Mrs. Jenica Atwin: I know that Minister Hajdu has said she's working to transfer that verification of indigenous businesses away from the federal government. Can you confirm that your department is working on that?

Ms. Jessica Sultan: Would you like to take that one?

Mr. Keith Conn (Assistant Deputy Minister, Lands and Economic Development, Department of Indigenous Services): Yes, I can confirm that we are working with partners to look at options around the transference of the verification process. It has been an ongoing discussion at our partnership table with a number of indigenous organizations. The concept is there and the desire is there, but it's how we clarify the mechanism and the process to ensure that it's transferred in a good way, if you will.

Mrs. Jenica Atwin: How are those conversations going in light of the study?

Mr. Keith Conn: They are going positively, I think, and Jessica can speak to that. She has direct engagement with the partners, as do I on occasion.

The Chair: You have only about 10 seconds to respond.

Ms. Jessica Sultan: I would say they're going well. There is lots of varied input and there are varied positions, but one thing that remains constant is the desire for indigenous people to verify indigenous businesses.

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

The Chair: Thank you very much.

Mrs. Vignola, you have the floor.

[*Translation*]

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

Mr. Conn, Ms. Wilson and Ms. Sultan, thank you for joining us.

You just mentioned compliance. Non-compliance is considered a breach of contract, but what consequences do contractors face for breach of contract, not only at the time but over the long term?

Ms. Gina Wilson: There are a few potential consequences. As Ms. Sultan said, the company in question could be subject to an audit. Depending on the results of that audit, it is possible that the company

[*English*]

will be removed from the indigenous business directory. If there are more serious allegations, obviously those consequences can be brought to other levels of criminal activity. It's not something we deal with frequently, but those would be some of the consequences.

[*Translation*]

Mrs. Julie Vignola: Thank you.

Earlier, you mentioned discussions about indigenous organizations taking over the management of the indigenous business directory.

Briefly, where do those discussions stand now?

• (1140)

[English]

Ms. Jessica Sultan: Those discussions are occurring as part of something called the transformative indigenous procurement strategy, which is a five-year strategy that started in 2021 to transform indigenous procurement. The conversation has been ongoing since then. That's why I bring that up.

As my deputy mentioned, they're going well. They're ongoing. We're at the point of being in discussions with figuring out, as I call it, the nitty-gritty of how that would work. The concept and the understanding of the need to transfer are there, and we're going through what we need to in order to understand, operationally, how that would happen.

[Translation]

Mrs. Julie Vignola: I've been hearing for some time now that we can conduct compliance audits, but they're not always mandatory.

[English]

Ms. Jessica Sultan: Audits are mandatory in certain situations and not mandatory in others. For example, it is mandatory to do a pre-award audit for contracts that are over \$2 million, and the contracting authority or client could request to do one for a contract under \$2 million.

[Translation]

Mrs. Julie Vignola: Thank you.

When I look at the list of indigenous businesses hired by the government between April 1, 2023, and March 31, 2024, I see that most of the contracts are valued at well under \$2 million.

Am I to understand that none of these contracts was subject to a compliance audit?

How do we verify that the companies on that list exist?

Unless there was an error in the French files or a translation error, the first company on the list provided by the Administrative Tribunals Support Service appears neither in your directory, nor in the Canadian Council for Aboriginal Business's directory, nor anywhere else.

If the majority of contracts are under \$2 million, how do you ensure that they actually meet the standards, i.e., that indigenous businesses must be at least 51% indigenous-owned and that at least 33% of the value of the work is done by an indigenous business?

[English]

Ms. Jessica Sultan: Before we get to the audits—the pre, post and discretionary—there's a process that needs to happen for the business to be registered on the IBD. We don't call that an audit: It's a verification of eligibility. In order for a business to be on the IBD, it needs to provide proof of indigeneity and of the 51% ownership. In addition to checking that this is the case when we register a company the first time, we also regularly go through the IBD and perform that, on a routine basis, to ensure that the companies remain eligible. That is how we will be looking to make sure that the companies are eligible for contracts under \$2 million.

With regard to ensuring compliance with the 33%, it would be in the.... If a contract is awarded under PSIB, it needs to meet the 33% content requirement; otherwise, it doesn't. If it were awarded under PSIB, there would be terms and conditions in the contract that would require compliance with the 33%.

[Translation]

Mrs. Julie Vignola: In fact, of all the organizations that provided us with a list of the indigenous businesses they used, none followed up on the subcontractors they used. You mentioned that as well.

If no one is taking notes, how do we ensure that 33% of the value of the work was done by an indigenous business?

[English]

The Chair: We need a very quick response, please.

Ms. Jessica Sultan: I apologize. I have to clarify the question.

The Chair: Would you repeat it, Mrs. Vignola, please? Then it will have to be a brief response.

[Translation]

Mrs. Julie Vignola: None of the organizations that provided us with a list of indigenous businesses followed up on the subcontractors they used.

How do we then ensure that 33% of the work done by these subcontractors is actually done by indigenous people if no one is following up on that?

• (1145)

[English]

Ms. Jessica Sultan: Okay, so the source of my question comes from.... I'm not understanding whether you're saying that the businesses told you that none of them checked with the subcontractors. I'm sorry, but I don't understand the question.

The Chair: Perhaps we can leave it for the next round.

Mr. Boulерice, welcome. I understand you'll be our regular Thursday "OGGOite".

The floor is yours for six minutes, please.

[Translation]

Mr. Alexandre Boulерice (Rosemont—La Petite-Patrie, NDP): Thank you very much, Mr. Chair.

I'd like to thank the witnesses for being with us today as part of this important study.

For the NDP, increasing federal procurement from first nations businesses is a very high priority. We completely agree with that goal, and it must be done on a nation-to-nation basis while avoiding any paternalism.

Currently, who manages the directory of eligible businesses owned by first nations, Métis or Inuit people?

Ms. Gina Wilson: We manage it.

Mr. Alexandre Boulerice: All right.

If the goal is a nation-to-nation relationship, why aren't first nations the ones managing this list?

Ms. Gina Wilson: We are in the process of working with first nations, Métis and Inuit to transfer the responsibility for registration and verification to them, but it's a lengthy process. It won't happen overnight.

Mr. Alexandre Boulerice: Is that the five-year plan you mentioned in your opening remarks? When do you expect to meet that target? I'm surprised they're not already managing it. I understand there's a transition, but when will that be completed?

[English]

Ms. Jessica Sultan: The five-year plan that Ms. Wilson referred to at the beginning of her opening remarks is the entirety of the transformative indigenous procurement strategy. That does include looking at transferring the list, but it's broader than that. The five years doesn't equate to being when we would plan to transfer the list. I think it's fair to say that we are very keen to make the transfer as soon as possible.

[Translation]

Mr. Alexandre Boulerice: "As soon as possible" is rather vague as far as dates go.

The Assembly of First Nations has been fairly clear about its goals. It wants more than 5% of public contracts to be awarded to indigenous businesses and for them to also have fair, transparent and open access to contracts offered by provincial and territorial governments. It also calls for working in partnership with first nations to fulfill our obligations under the United Nations Declaration on the Rights of Indigenous Peoples.

In February 2024, the First Nations Financial Management Board, the First Nations Finance Authority, the National Aboriginal Capital Corporations Association, the Canadian Council for the Advancement of Native Development Officers, or CANDO, and the Aboriginal Financial Officers Association, AFOA, came together to form the First Nations Procurement Organization, or FNPAO.

What is your relationship with this new organization, created last February, and what is the status of your discussions with it? Do you plan to proceed to this notable transfer with that organization?

[English]

Ms. Gina Wilson: I go back to the point about the percentage. The AFN and others would actually like the percentage to be more than 5%. The 5% is a floor, for sure, not the ceiling. We definitely encourage more than 5%. In fact, this year the Government of Canada went to 6.27%, so we've exceeded that. At ISC, for instance, our department has gone as high as almost 18% of the value of contracts.

[Translation]

So it's possible.

[English]

The First Nations Procurement Organization is one of the organizations that we have at the table, which Keith and Jessica work with. It's an important partner.

[Translation]

There are also other Métis and Inuit organizations.

[English]

In fact, I think we're funding about 22 organizations right now to build capacity around indigenous procurement.

• (1150)

[Translation]

Mr. Alexandre Boulerice: Very well.

You say that the 5% goal is a minimum target. However, your own report on the 2022-23 period states that four organizations or departments failed to meet that target: the Canadian Radio-television and Telecommunications Commission—the CRTC, Elections Canada, Public Services and Procurement Canada, and the Treasury Board Secretariat.

Why have those departments and agencies failed to meet the minimum 5% target?

[English]

Ms. Gina Wilson: There are probably a multitude of reasons, which I won't try to determine, for some of my colleagues and other departments. Every department is quite different. We're actually collecting data now, for 2023-24, from 96 departments and agencies, and we're hoping that the numbers have improved.

[Translation]

Mr. Alexandre Boulerice: With respect to those agencies and departments, do you have a strategy for them to meet their target during the next—

[English]

Ms. Jessica Sultan: Yes. One role that Indigenous Services Canada and Public Services and Procurement Canada play—although I'll speak only for us—is in assisting departments with achieving the 5% if they are having challenges. One way we do that is by working to share the best practices that some of the highest-achieving departments use to achieve the 5%, and that's actually proven to be successful. Specifically, we have worked with, well, a number of departments that have seen success that way.

[Translation]

Mr. Alexandre Boulerice: Thank you very much.

[English]

The Chair: Thank you very much.

Mrs. Goodridge, welcome back to OGGO.

Mrs. Laila Goodridge (Fort McMurray—Cold Lake, CPC): Thank you so much, Mr. Chair.

Thank you to our witnesses for being here today. I'm Laila Goodridge. I'm the member of Parliament for Fort McMurray—Cold Lake, the home of Alberta's oil sands. It's worth noting that, in 2019, oil sands companies did \$2.4 billion in indigenous procurement, so it is possible.

I'm going to go back.... You mentioned that Dalian was removed from the indigenous business directory. Can you explain, specifically, why it was removed?

Ms. Gina Wilson: Again, it was due to some of the stories that came up in the media. It was a matter of questioning some of the reports that we were hearing from testimony. I should add that, interestingly enough, it was not because they were not eligible under the directory. In fact, they demonstrated that they were eligible as an indigenous business, so it was due to other factors—questions that came up, particularly in testimony.

Mrs. Laila Goodridge: Just to clarify, the government still considers that an indigenous business.

Ms. Jessica Sultan: I will answer the question—

Mrs. Laila Goodridge: Just a simple yes or no would be—

Ms. Jessica Sultan: The business provided proof of indigeneity.

Mrs. Laila Goodridge: Thanks.

You talked about how you don't monitor the subcontractors, so you and departments don't really know.... Have you considered having a process in place to have an automatic audit if subcontracts are being utilized in any of these businesses?

Ms. Gina Wilson: I ask Jessica to chime in here, but there has not, at this point in time, been any consideration to increase tracking, monitoring, reporting and auditing. It can be considered.

Mrs. Laila Goodridge: I come from the oil sands, where large contracts happen on a regular basis. Large contracts happen with indigenous businesses not because any government mandates them to do it, but because it's just good business. Some of the best businesses in the oil sands are indigenous businesses. They don't get the contracts because they're indigenous: They get the contracts because they are the best.

It really aggravates me that.... There are processes and best practices in contracting that are readily available, and the fact that the Government of Canada hasn't considered that, potentially, this is a loophole allowing non-indigenous people to benefit from what is supposed to be an indigenous procurement strategy really bothers me.

Have you looked at best practices in contracting to ensure that subcontracts are being utilized properly?

Ms. Gina Wilson: Yes.

Mrs. Laila Goodridge: Can you confidently say that indigenous subcontractors are getting those jobs?

Ms. Gina Wilson: I can confidently say that, for the absolute, clear, far outstanding majority, it is the case. There have been some discrepancies because of some of the audits and the questions that have come up, but it is for quite a minuscule number.

Mrs. Laila Goodridge: How many businesses, other than Dalian, were removed from the indigenous business directory, either because they didn't qualify for some reason, like Dalian, or because you discovered that they weren't indigenous?

● (1155)

Ms. Jessica Sultan: I don't have the answer for the entirety of the time, since the beginning of PSIB in 1995. I can tell you that, let's say if we take the past year, there were definitely more than just Dalian that were removed for various reasons.

Mrs. Laila Goodridge: Could you possibly get us a list of all of the businesses that were removed—let's pick a date—since 2015, and provide that in writing to the committee, by Friday? That's all the businesses that were removed either because they were determined to not be indigenous or for other reasons, and could you specify those reasons? Could we have that by Friday at the end of the business day?

Ms. Jessica Sultan: We are able to provide that information, but not by the end of tomorrow. I would like, respectfully, to request more time.

Mrs. Laila Goodridge: Okay. How about the 31st?

Ms. Gina Wilson: What's the usual timeline?

Mrs. Laila Goodridge: We have a short period of time that we're looking at this. If we have 21 days, it might be outdated by the time we get to it. We should have this information, so that we can continue. This is critical.

I think it's shocking that we found out only today that Dalian was removed. I think Canadians would like to know some of this information.

Ms. Gina Wilson: That was in The Globe and Mail.

The 31st is fine.

Mrs. Laila Goodridge: Okay.

The Chair: That's pretty much our time.

Just to clarify, our committee has passed a motion. It's a maximum of 21 days. Earlier is always better for us.

We'll go over to you, Mr. Bains. Go ahead, sir.

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

Thank you to our department officials for joining us today.

How does ISC work with other departments to improve indigenous participation in procurement across government? What's the process?

Ms. Gina Wilson: I'm happy to answer that.

One of the things we do, Mr. Chair, is lead the development of new measures and guidance on PSIB. We lead coordination outreach. We raise awareness with the indigenous business community. We register, of course, and validate indigenous businesses. We also coordinate departmental procurement plans to support monitoring and reporting activities. We're a point of contact, service and advice on PSIB, and we consolidate and publicly report annually on all the departmental results of meeting that target of 5%.

Those are just some of the things that we do, as well as leading the engagement and the consultations, as has been said, on transforming the policy.

Mr. Parm Bains: Is ISC currently working with private sector partners to explore procurement opportunities? Is there any third party involvement? Is Minister Hajdu involved in these conversations?

Ms. Gina Wilson: I can't necessarily say if Minister Hajdu is involved directly with the private sector. I know that she certainly promotes the PSIB. She's out there talking about it more generally, so I would imagine she is in conversations around this.

What was your first question again? I'm sorry.

Mr. Parm Bains: Is ISC currently working with the private sector?

Ms. Gina Wilson: Yes, absolutely.

Mr. Parm Bains: How is that work done? What's the process?

Ms. Gina Wilson: Go ahead, Jessica.

Ms. Jessica Sultan: Our engagement is predominantly with indigenous businesses and indigenous organizations. Of course, when we engage with indigenous businesses, that would be the private sector. We have many conversations in terms of lessons learned, best practices and input into how we should be transforming our indigenous procurement strategy. That is specific to Indigenous Services Canada.

Of course, there has been testimony provided by Public Services and Procurement Canada about the role of Procurement Assistance Canada in that space as well.

Mr. Parm Bains: Can you please express whether round tables on economic reconciliation are areas in which Minister Hajdu might be engaging in some of these things?

Mr. Keith Conn: The minister has led a really excellent discussion with mainstream banks and indigenous financial organizations in this country to look at some of the barriers around business development and access to capital.

We are working closely with them, and we're also planning for a third round table in the month of November, to get down to some granularity around options and ideas to remove barriers to increased indigenous participation in the Canadian economy, with procurement as part of that.

• (1200)

Mr. Parm Bains: What are some of those barriers?

Mr. Keith Conn: Access to capital is one—affordable capital, that is. What are the mechanisms there to ensure there's a fair, transparent process around risk assessments for indigenous businesses and communities trying to access capital?

We have the Indian Act, which is a barrier in some sense around limitations that prevent communities from leveraging their assets as collateral. It's not permitted under the Indian Act, so that creates another barrier. We're looking at options to do workarounds, if you will. We're generating some ideas from mainstream banks and also the first nations financial leadership.

Mr. Parm Bains: Okay.

According to officials from Public Services and Procurement, the indigenous business directory.... I know a lot has been said about the directory and how it's compiled, but it contains about 2,900 companies. It's estimated there are upwards of 60,000 businesses across Canada.

When I was talking about third party assistance in some manner, is somebody helping identify and do the work before they come to find out the issue of the identity and people who may be taking advantage of this through some type of a process?

If you have 2,900 companies in the directory but there are 60,000 out there, is anybody working on this? Is the government getting any help identifying them?

The Chair: I'm afraid time has not been left for an answer. Perhaps you can come back to it in the next round or provide that answer to us in writing.

Mrs. Vignola, please go ahead.

[*Translation*]

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

One witness told us that status verification methods were not consistent, as they differed for Inuit, Métis and first nations members. Is it the intention of the department or the government to standardize status verification methods?

Ms. Gina Wilson: In fact, there is a very specific verification process.

[*English*]

The evidence that we look at for registration is either Indian registration or citizenship with an indigenous organization. All of these are certified by Crown-Indigenous Relations.

[*Translation*]

Mrs. Julie Vignola: I would like to clarify that the witness said that, to be certified as Métis, you simply have to show that you have a Métis great-grandfather, for example, whereas for first nations, there could be a loss of status as early as the second generation. If I were a first nations person, I think my grandson might not be, even though I considered him to be a first nations person. That has a definite impact.

Like that witness, I would like to know the number of Inuit businesses, the number of Métis businesses and the number of first nations businesses in your directory, as well as the number of contracts awarded to each group.

I would like you to send us that information in writing within the next 21 days, please.

I have 15 seconds left.

Ms. Gina Wilson: We have some information here. Ms. Sultan will be able to provide you with some in a moment, but first I would like to clarify something.

[English]

I want to talk about Crown-Indigenous Relations, or CIRNAC, with regard—

The Chair: There's not much time. Would you be able to provide a brief response?

Ms. Gina Wilson: Yes, it's going to be very brief: We go with their list.

Jessica, do you want to add anything?

• (1205)

Ms. Jessica Sultan: I can provide you with the number and the breakdown of first nations, Métis and Inuit businesses in the directory. We'll have to get back to you on the number of contracts. There are 1,966 first nations businesses, 811 Métis businesses and 162 Inuit businesses.

The Chair: Thank you.

Mr. Boulerice, please go ahead.

[Translation]

Mr. Alexandre Boulerice: Thank you, Mr. Chair.

We recently learned that according to Public Services and Procurement Canada, the directory we've been discussing today lists about 2,900 companies. However, some estimates place the number of indigenous businesses in the country at nearly 60,000.

What could explain such a dramatic difference between those two figures?

Ms. Gina Wilson: I'm going to ask Ms. Sultan to answer that question, but I would first like to say that there are many lists in Canada. Our list is just one of them.

[English]

Ms. Jessica Sultan: To build on that, as Ms. Wilson has said, the indigenous business directory is one list. There are many others. For example, many of the modern treaty rights holders have their own lists of businesses that would be modern treaty rights holders in that comprehensive land claim area.

We're already working on the understanding that there is an environment of multiple lists, so they won't all necessarily be captured on the IBD. There are different locations where one would have to look.

We would like to augment the number of businesses that are contained in the list that the government uses for federal procurement

purposes, absolutely, because there would be more access then to verified indigenous businesses for participation in federal procurement.

[Translation]

Mr. Alexandre Boulerice: In that case, what process will you use to increase that number?

[English]

Mr. Keith Conn: First of all, I'll just go back to the previous question on the 60,000. Yes, there are, I guess, approximately 60,000 indigenous businesses. Not all of them want to do business with government—they're doing fine in the oil sands and in other industries. However, those that are interested come to our directory to be part of the directory and to seek out opportunities for federal procurement in professional services, in indigenous learning, in general management and in IT services, etc., so there are businesses that focus on those lines of business, and they see the opportunity with the federal government.

In terms of promoting, we have a navigator service that we provide in person, online, with people interested in becoming part of the directory. We promote it. It's online, and it's on the web to increase participation. At the end of the day, it's their choice in terms of what they want to do and which list they want to be part of.

The Chair: Thank you very much.

Mrs. Block, please go ahead.

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

Earlier, Ms. Sultan, you testified that it is a minuscule number of contracts where businesses don't comply with the subcontracting requirements, and that these are outliers. However, you have repeatedly stated that you don't track subcontractors, and we have seen this borne out throughout government departments, as the documents they have submitted to this committee lack documentation on subcontractors. You even stated that the department was made aware of questionable factors in Dalian's case by media reports and by testimony at this committee. This implies that your department took no initiative in the case of Dalian to ensure they were meeting their requirements.

My question is this: How are you able to testify today that the vast majority of contracts comply with the subcontracting requirement, when your department does not monitor subcontracts and when other departments have made it clear that they do not monitor subcontracts either?

Ms. Gina Wilson: I would say that monitoring does occur. Tracking does occur. It is not done by our little unit at ISC; it is done by departments that are all across the country, all across town, which have that ability.

You are right that we do not track subcontracts. I understand that some may want an entity like PSPC, or ISC, or some central organization to track, monitor and continuously audit whatever number of contracts there are—almost 3,000—and thousands of these are running each day.

I don't know. If your study recommends that we do more tracking, monitoring and auditing, we will certainly consider this. However, we will also advise you of the cost of that, and we'll advise the government of the cost of that, because it would require hiring several more auditing firms, and many of those would be non-indigenous, I would add.

I would love to tell you, however, about a better alternative of what we think is an option going forward, which is indigenous participation plans.

• (1210)

Mrs. Kelly Block: I just want to go back to the comment you made about there being a minuscule number of companies that are not complying with the subcontracting rules or with the rules to ensure that they are subcontracting to indigenous businesses. Where are you getting that information?

Ms. Gina Wilson: I'm getting the information from the number of audits that we've been requested to do by departments, and those numbers have been very low. I believe indigenous businesses, for the most part, are honest business people. I believe that my departmental counterparts and the procurement officers who do their public service are generally trying to do their jobs.

Mrs. Kelly Block: Thank you for that. I am glad you mentioned that the department conducts audits of its own. Could you please table with the committee a copy of all audits and associated reports done by your department from January 2021 to present?

Ms. Gina Wilson: I think we'll have to square that circle with the previous request from a member who asked for pretty much the same thing.

Mrs. Kelly Block: I believe she asked for a list. I'm asking for the audits.

Ms. Gina Wilson: You're asking for the audits.

I will definitely get some advice as to what is releasable publicly or to the committee. If you can allow me to do that, I will be happy to provide that and be as transparent as possible. I need to consider privacy implications and access to information rules.

Mrs. Kelly Block: On that note, Mr. Chair, could you perhaps provide us and Ms. Wilson with some advice on what is releasable to a committee?

The Chair: Basically, you have to provide everything the committee calls for. If the committee asks for the audit, you can ask us to hang onto it and not release it, or you can just send it to us. The committee has the right to ask for those items.

If you want to get back to us in writing, perhaps on Monday, about what you'd like to do, we'd probably be fine with that.

Ms. Gina Wilson: That would be hugely appreciated.

I would say, though—

The Chair: In this case, it can be the audits with personal information taken out.

Ms. Gina Wilson: That would be more comfortable for me, for sure.

I will say, though, that some of the audits we have are still under way. They're not completed. I think it's fair to—

The Chair: We're just looking for completed audits.

Ms. Gina Wilson: Okay. Thank you.

Mrs. Kelly Block: Thank you very much.

The Chair: Thanks.

Mr. Kusmierczyk, we'll go over to you, sir.

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

I want to begin with this: As I understand it, Deputy Minister Wilson, your work was recognized, recently, with a Canadian Indspire Award.

Is that correct?

Ms. Gina Wilson: Yes, it was. Thank you.

Mr. Irek Kusmierczyk: I want to say congratulations and read a section on the Indspire website: "Gina Wilson's career stands as a beacon for many other Indigenous people working in public service." I want to say thank you so much for your tremendous leadership and exceptional work. Thank you and congratulations, once again.

A letter we received from an indigenous-led business called Plato reads, "With an effective Indigenous procurement system in place, the Government could make tremendous steps forward toward economic reconciliation with Indigenous peoples."

I want to ask you this: From your vantage point, what is the significance of achieving economic reconciliation in Canada? How does ensuring procurement opportunities for indigenous people or businesses help achieve economic reconciliation? I know that's a bit of a philosophical or broad question, but I'm hoping you might be able to give some insight.

• (1215)

Ms. Gina Wilson: Thank you very much for that recognition. I always get awkward when somebody says that, but thank you.

I want to add that, on this front, that the procurement strategy for indigenous people has so much potential to create so many business opportunities that can generate wealth in communities and for indigenous people. It's a policy and strategy that I really want to promote, defend and create awareness for because of its popularity and potential.

I'll ask Keith to talk a little about economic reconciliation.

Mr. Keith Conn: Yes, it's very timely that you raised this point around economic reconciliation. We have been working very closely, over the last year and some, with first nations, Inuit and Métis partners to develop an economic reconciliation framework.

Our minister got a mandate a couple of years ago to work with partners and come up with a framework to create a narrative that will support transformative work around economic reconciliation, business development and capacity development. That is in play as we speak. We're hopefully going to cabinet in November to get its blessing for the work forward. It will map out some of the key proposals coming directly from the partners in order to make investments down the road and into the future, and some immediate investments in a three-year scenario to create a biannual policy process that looks at new opportunities in economic development in this country.

We hope to have more to share in the coming months on that.

Thanks for the question.

Mr. Irek Kusmierczyk: Thank you. That is a bold, ambitious and inspiring plan.

Oftentimes, we hear that ISC is co-developing updates to the indigenous procurement strategy.

What does “co-development” mean in this context, and how is the process different from what was done in previous updates?

Ms. Jessica Sultan: To clarify, is that regarding procurement, specifically, or economic reconciliation?

Mr. Irek Kusmierczyk: Let's do both.

Ms. Jessica Sultan: Well, the process we've undertaken is working with partners on the economic reconciliation framework, which includes indigenous procurement. It has been very different in that, in a traditional co-development process, it's developed jointly, just as it sounds.

In this case, we asked our indigenous partners, on a distinctions basis, to provide us with a list of their priorities. We asked them, “In an economic reconciliation space, what would you prioritize and have us, the Government of Canada, focus on in order to meet your economic reconciliation goals?”

I personally haven't worked on anything done in that way before. It's been a very remarkable opportunity to be supported in directly bringing forward the voices of partners in this space.

The Chair: Thank you very much.

We'll now go back to Mrs. Goodridge.

Mrs. Laila Goodridge: Thank you, Mr. Chair.

As someone who, again, comes from northern Alberta, I would argue that many of the businesses.... I've had many indigenous businesses come to me saying that they are in the directory, or struggling to get in the directory, but they can't actually get government contracts. They're able to get billion-dollar contracts in the oil sands, as they have for, sometimes, in excess of 20 or 40 years. However, they can't get Government of Canada contracts, no matter what they do. They have to hire consultants just to navigate the federal system, because it has become so complicated. These are very intelligent, successful businesses.

My frustration is here: The Government of Canada has failed to operationalize it. You sit there going.... You don't try to get all the businesses into the directory, because maybe they're in the oil sands

and don't want to be. I would argue that all indigenous businesses should try to get on that list, because not being on it prevents them from getting on other lists. To one question, you stated you'd go to the Métis Nation of Alberta.

What would happen in the case of the northern Alberta Métis, who have officially disassociated from the Métis Nation of Alberta? Are they no longer eligible to be on the indigenous business list?

• (1220)

Ms. Gina Wilson: As I mentioned earlier, the list we draw upon is from CIRNAC. Indigenous bodies are recognized by the CIRNAC ministry. We go to them. We don't decide that on our own. If the organization you identified is on the CIRNAC list, it remains in the indigenous business directory.

I would go back to your earlier point. I agree that it's sometimes a very complicated process. I've heard that as well. The more we can streamline it the better. Actually, we want to transfer the indigenous business directory to indigenous organizations. We can improve what we have now. Our sole, primary objective is to transfer it and have indigenous people lead that.

Mrs. Laila Goodridge: I'll go back to Dalian.

You determined that it met the qualifications for being indigenous, but you decided to remove it for other reasons.

For what specific reason was it removed?

Mr. Keith Conn: Yes, you're right. They were originally recognized by first nations leadership as a member of their nation—a non-status member. Regardless, they're eligible to be in the directory.

We noted that Globe and Mail interviews with Dalian referred to changes in his corporation. That affected the “51% owned and controlled” scenario. That was part of the reason we had to remove his business from the directory. He changed his corporate structure.

Mrs. Laila Goodridge: Okay.

If a business is determined to not be indigenous, or not to qualify for some reason, is there any effort made to try to recover funds they might have received via indigenous procurement?

Ms. Jessica Sultan: That is one of the options that could certainly be pursued by the Government of Canada.

Mrs. Laila Goodridge: Has it been pursued by the Government of Canada?

Ms. Jessica Sultan: It hasn't, to our knowledge. I'm not in a position to speak for the entire Government of Canada.

Mrs. Laila Goodridge: Have efforts been made to go specifically after Dalian to recover those funds?

Ms. Gina Wilson: No.

Mrs. Laila Goodridge: No effort has been made by the Government of Canada or ISC to recover funds from Dalian.

Ms. Gina Wilson: I don't know about the Government of Canada, but ISC hasn't.

Mrs. Laila Goodridge: Do you think that's a responsible decision?

Ms. Jessica Sultan: There are numerous considerations ongoing with regard to Dalian and Coradix and what we heard in committee and in the media, so the totality of the actions that the government could choose to take isn't complete. Work is still ongoing.

Mrs. Laila Goodridge: I appreciate that. Canadians expect that their tax dollars are going to be spent appropriately and fairly, and in cases when they aren't, they expect that government is going to do what is being done. What is being considered when it comes to the case of Dalian specifically?

Ms. Gina Wilson: I don't want to refer the question, but there are other entities that are looking at this beyond ISC. We're one player. Some of those decisions require more than one department to come together, so I wouldn't want to speak for them.

The Chair: Thank you very much.

Mr. Jowhari.

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

Welcome to the officials. Thank you for the work you're doing, and thank you for your testimony today.

Once again, Madam Wilson, congratulations on the shout-out.

Madam Wilson, in a number of your responses to other questions, you said that you would like to be able to create awareness of, promote and advocate for the indigenous participation plans. That came about as a result of your trying to respond to other questions.

I'll give you the time that you want to be able to talk about the indigenous participation plan, but I would like you to talk about it through the lens that we heard it through from others at our committee when we were doing this study, especially the Plato president. It's the fact that the process is very cumbersome. It's very cumbersome, especially for the small indigenous organizations. If you're trying to help them get more businesses, what are we doing? Does this indigenous participation plan have anything to do with building capacity, making it easier and also helping them generate awareness of the opportunities that exist? Is your department moving in any of those directions?

The floor is yours, ma'am.

• (1225)

Ms. Gina Wilson: With regard to the last point, I'd like to give Jessica an opportunity to talk a bit about the indigenous participation plans, which are a best practice in departments. They're not a standardized mandatory practice, but they're one that is picking up some good virtues.

Ms. Jessica Sultan: Thank you.

While the 33% content requirement focuses on the value of the dollars in the contract, an indigenous participation plan can be used to require different types of deliverables under the contract. For example, indigenous participation plans, IPPs, can be used to give specific requirements around, for example, indigenous employment in terms of the life of the contract. It could also include requirements for training. It's a tool that can be used in order.... It's a way to ensure that the benefits go to indigenous businesses and indigenous people as intended.

As Ms. Wilson mentioned, this is a best practice at this point, as opposed to being mandatory. There is an exception to that, and that is in the Nunavut land claim area. It is mandatory to use an indigenous benefit plan, which is a synonym for indigenous participation plan in procurements in that land claim area.

Mr. Majid Jowhari: Thank you. If that was working, if that was enacted before, Dalian wouldn't have been in the position to benefit from hundreds of millions of dollars and to not invest a penny of it in hiring indigenous employees or working with smaller indigenous businesses to help them build capacity. Those are the points that I raised specifically to the CEO when he was here. I told him that they basically got \$175 million, and I asked him how many indigenous people they hired. How many did they train? How many indigenous small organizations did they hire? How did they help their community, which they so proudly represent, build the capacity that's needed?

I have about a minute and 15 seconds, so I'd like to go back to the audit. You mentioned that we have pre, post and discretionary audits. Are these audits that are regularly conducted? I know we've asked for a list to come, and we'll get it. I understand pre, and I understand post. Can you tell me if there is a procedure whereby you say that if there is a threshold of this, then we will go and audit? How are audits triggered, whether it's post, pre or discretionary?

Ms. Jessica Sultan: For a pre-award audit, it's automatically triggered if the contract is over \$2 million. Otherwise, it can be triggered voluntarily, but it's the \$2-million threshold.

A post-award audit is at the request of the contracting authority, of the client department or of ISC, which would be quite rare, as we don't have oversight of the contract during the administration or the life of the contract.

A discretionary audit would similarly be requested by the client department or the contracting authority if there was rationale or reason to consider that it might be useful.

Mr. Majid Jowhari: It's always triggered by the other side, and not by the department.

Ms. Jessica Sultan: In any situation, I'll say discretionary.... Actually, in any of them—pre, post or discretionary—it could be the client department, the contracting authority or Indigenous Services Canada that could ask for it.

The Chair: Thank you, Mr. Jowhari.

We'll now go back to Mrs. Vignola.

[*Translation*]

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

As I told you earlier, we received lists from each organization and each department, indicating which companies received contracts and for what amounts. We received all that information, and I compiled it. I'm now checking to see if there was an error in the lists, if some companies shouldn't have been on them because they're non-indigenous.

I'm using your directory as well as other first nations' directories.

How is it that I can find a business in your directory, but cannot find it in any other directory?

• (1230)

[*English*]

Ms. Gina Wilson: I don't know.

Ms. Jessica Sultan: I think the simplest answer to that question is that the business can choose to register where it wishes. If the business chooses to register on the IBD and not on any other list, that would be its choice.

[*Translation*]

Mrs. Julie Vignola: Furthermore, when I look through your directory, I see that some records indicate the date the company was created, while others do not. Some records show the number of employees, while others do not. There is no file that tells me which criteria a company is complying with. Perhaps it's the teacher in me that notices these details, because work methodology is a subject I taught.

Is it normal that there would be so many discrepancies when I try to analyze each item on the list?

[*English*]

Ms. Jessica Sultan: Thank you for that question. I understand completely what you're saying.

I would have to go back and take a look, because there are all those fields that are available. However, you're right. They're not populated for every business in the same way.

With regard to your specific example about the number of employees, I expect that it's probably a holdover or the result of the fact that we used to require a specific number of employees so that we could go through. However, there's not a specific reason that I can state to you that it is the case. That's something I will take a look at to ensure more conformity.

[*Translation*]

Mrs. Julie Vignola: Thank you.

[*English*]

The Chair: Thank you very much.

Mr. Boulerice, go ahead, please.

[*Translation*]

Mr. Alexandre Boulerice: Thank you, Mr. Chair.

Last August, the First Nations University of Canada and Global News did a joint study on indigenous procurement. It pointed out that, for 25 years, leaders of indigenous organizations have been warning your services and federal officials about shell companies that take advantage of the strategy. For example, non-indigenous businesses would pay a person identified as indigenous to impersonate their owner or use an indigenous business as a front to access the strategy and thus secure contracts.

First, have you witnessed this phenomenon? Second, does it happen often?

[*English*]

Ms. Gina Wilson: I'm not familiar with that specific study, but I know the First Nations University has done some very good work in this area.

Some of the work I've seen myself, as an Algonquin and a grandmother.... I know full well that non-indigenous individuals falsely claiming indigenous identity for personal or professional gain is just plain wrong. As you have likely heard, it's a very contentious and complex issue. The PSIB strategy—like other government policies and programs, the public sector, the private sector, academia, the arts, the research community and even the prison system—is not immune to this issue. In fact, we're very alive to it and taking important steps to address it.

Perhaps we can get a moment to explain some of those steps.

[*Translation*]

Mr. Alexandre Boulerice: Yes, please.

What have you implemented to prevent this phenomenon of fronting, which is a form of fraud?

Ms. Gina Wilson: As Ms. Sultan and Mr. Conn said earlier, there were policy reforms. For example, the transfer of the definition, audits,

[*English*]

discussions about removing set-asides, looking at things like limited bidding or even replacing the 33% content requirement with a best practice like indigenous participation plans.... These are the exact kinds of discussions we're having with partners at the table we told you about. There are a number of very solid changes that could come about as a result of that.

The Chair: Thank you very much, both of you.

It's back to you, Mrs. Block.

• (1235)

Mrs. Kelly Block: Thank you, Chair.

Mr. Conn, there has been some contrasting testimony around Dalian today.

You stated that Dalian changed their corporate structure, which meant they ran afoul of the 51% indigenous-owned requirement. However, Ms. Wilson stated earlier that Dalian was still considered an indigenous business and is still on the list.

Is Dalian still considered an indigenous business, despite not being 51% indigenous-owned? Can you provide the committee with a list of other criteria that would cause a business to be removed from the list?

Mr. Keith Conn: They are removed from the list. They're no longer part of the list. As we indicated earlier, both Dalian and Coradix are still part of an ongoing audit, so we'll see what that outcome is all about. It's possible they're in violation of the policy itself, overall. We won't know until the audit is completed.

They are not on the list. We removed them from the list because of a change in governance at that company. They don't meet the eligibility criteria of PSIB. I'll supplement—

Mrs. Kelly Block: Okay.

I will again submit that this is very different from what we heard earlier.

Can you please provide the committee with a list of other criteria that would cause a company to be removed from the list?

Mr. Keith Conn: Yes, we will do that in writing.

Mrs. Kelly Block: Okay.

Ms. Wilson, you have been the deputy minister at Indigenous Services Canada for over two years, but you mentioned in this meeting that you have only just started to reach out to indigenous groups for their help in verifying businesses on the list.

Could you please tell the committee why it took you this long to reach out to indigenous groups to get them involved in the verification process? Can you also tell us what role indigenous groups will be playing in the verification process?

Ms. Gina Wilson: I have been at Indigenous Services Canada for two years, but the process we are discussing and you have referenced was under way two years before, so we are, in fact, four years into this discussion with indigenous partners.

Mrs. Kelly Block: I'm reflecting back on the testimony you provided earlier in this meeting. Thank you for that clarification.

I would ask that you then answer the second question, about what role indigenous groups will be playing in the verification process.

Ms. Gina Wilson: I'm going to ask Jessica to once again explain some of the discussions and the reforms under way that we're talking about under the transformative indigenous procurement strategy.

Ms. Jessica Sultan: Thank you.

The desire, the goal, is to transfer the indigenous business directory to indigenous people. In that scenario, it would be indigenous people who would be verifying indigenous businesses.

Mrs. Kelly Block: Thank you very much for that.

Mr. Chair, I would like to move a motion at this time. The motion has been given to the clerk in both official languages.

I will read it into the record now.

The Chair: Just give me one second, please.

I'm just making sure that the clerk has it. He's going to send it out.

Please go ahead.

Mrs. Kelly Block: It reads:

That the committee report to the House that it calls on Indigenous Services to recover funds given to non-indigenous companies that took advantage of the indigenous set-aside.

The Chair: I'll give everyone 30 seconds to receive the email, and we'll start a speaking list.

I have Mr. Kusmierczyk and then Mr. Sousa.

• (1240)

Mr. Irek Kusmierczyk: Mr. Chair, again, since we just received this motion, would you mind allowing us a quick, two-minute suspension?

The Chair: Yes. We'll keep it to two minutes, please.

We'll suspend.

• (1240)

(Pause)

• (1240)

The Chair: Thank you for your patience. We're back.

Mr. Kusmierczyk, do you want to speak to this as well, or did you only want to ask for the suspension? If not, we'll go to Mr. Sousa.

Mr. Irek Kusmierczyk: I'm happy to yield the floor to Mr. Sousa and come back around.

The Chair: Go ahead, Mr. Sousa and then Ms. Atwin.

Mr. Charles Sousa (Mississauga—Lakeshore, Lib.): We have an amendment to the motion, and I now yield to Ms. Atwin.

The Chair: Oh, oh! You could have just gone to directly to her.

Go ahead, Mrs. Atwin.

Mrs. Jenica Atwin: It's my understanding that this is beyond the authority that Indigenous Services Canada has, and so we would like to amend the motion to read as follows:

That the committee call on Indigenous Services to recommend that funds be recovered if given to non-indigenous companies that took advantage of the indigenous set-aside.

Mr. Charles Sousa: You are removing “report to the House”.

Mrs. Jenica Atwin: It would remove the reporting to the House component, and it would add that it's a recommendation from Indigenous Services Canada.

The Chair: Could you repeat it a bit more slowly, so we can type it in, please?

Mrs. Jenica Atwin: Sure. It reads:

That the committee call on Indigenous Services to recommend that funds be recovered if given to non-indigenous companies that took advantage of the indigenous set-aside.

• (1245)

The Chair: Mr. Boulterice, go ahead on the amendment.

[Translation]

Mr. Alexandre Boulterice: Mr. Chair, I would just like a rationale for the amendment.

[English]

The Chair: Go ahead.

Mrs. Jenica Atwin: It's not within their authority. They've already mentioned that it's a possible outcome should that be an issue that's already been identified, so it's keeping it within the scope and authority of Indigenous Services Canada.

The Chair: Do you wish to continue to speak on it? No.

Mrs. Goodridge, go ahead on the amendment.

Mrs. Laila Goodridge: Yes, thank you.

I fail to understand why they wouldn't want the committee to report to the House. I think it's important, so I would like a justification as to why that part was removed as well.

Mrs. Jenica Atwin: It's because it can then be a concurrence debate in the House. We really want to make sure that we study this in OGGO and that we continue to have our questions answered.

It's an important piece that if there's fraudulent activity with regard to the indigenous business directory, we get to the bottom of it. However, it has to be within the proper authority of each department. We know it's within the contracting department, specifically, which can oversee some of that work, so I think it's more appropriate to have that recommendation and to not have it reported to the House.

The Chair: Great.

I have you, Mrs. Goodridge, and then I have Mrs. Block on the amendment.

Mrs. Laila Goodridge: I think it's interesting that the justification given was simply that they don't want this to be talked about in any other capacity. That's quite shocking, and Canadians would probably be very disappointed to find out they're so nervous about how bad indigenous procurement has been that they're terrified of it being discussed in the chamber.

I'll leave it at that. I urge colleagues to vote against this amendment.

The Chair: Great.

I have Mrs. Block and then Ms. Vignola.

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

I certainly support the intervention of my colleague, Mrs. Goodridge. We understand that groups like the AFN and other rights holders have been raising concerns with regard to the funding

of non-first nations-led groups to receive this funding. If their concerns are legitimate and it is found that many non-indigenous companies have received funding, I think it is incumbent upon us as parliamentarians to bring this to the House to ensure that these funds are recovered from these non-indigenous businesses and put back into that set-aside for indigenous businesses to enable them to contribute to the economy of indigenous communities.

I, too, am shocked to hear them state simply that they don't want to have this discussed in the House of Commons, and I would encourage all members to vote against this amendment.

The Chair: Thanks.

I have Ms. Vignola and then Mr. Kusmierczyk.

[Translation]

Mrs. Julie Vignola: In either case, it's food for thought.

If funds were given to a company and the government received a service, on a purely economic level, there was no fraud as such. Where there has been fraud is in the attribution or appropriation of an identity that was not the one the company claimed to have. At that point, it would be exceedingly difficult to have relevant grounds for recovering the money. Other punitive measures would have to be taken against this company for appropriating an identity that was not its own. That's mostly what I was thinking.

If the company hasn't given 33% of the value of the contract to an Indigenous subcontractor, I'd be all for recovering the money. That said, if there was a service, but the company fraudulently appropriated an identity that wasn't its own, recovering the money may not be the right method to use.

I'm sharing my thoughts with you. I'm not amending the motion. I'm just thinking out loud to see if there isn't some way to reword either the amendment or the original motion to reflect the perspective I've just shared.

• (1250)

[English]

The Chair: Thanks.

I have Mr. Kusmierczyk. Go ahead, sir.

Mr. Irek Kusmierczyk: Thank you, Mr. Chair.

I just want to reiterate that one of the challenges with the way that the original motion is framed is that it puts the onus on Indigenous Services Canada to recover those funds. I think it needs to be highlighted and emphasized that it really is up to each contracting department to recover the funds.

That's point number one: that the motion itself is based on the false premise that Indigenous Services Canada has the power to recover those funds. It is up to each contracting department or agency to do that. I think it's important to distinguish that. Therefore, I have concerns with, issues with or really questions about the premise of the motion.

The second point is that I support the amendment that my colleague brought forward. I believe this is something we can handle as a committee. I believe that the motion reflects the fact that it is this committee that is concerned with the funds to be recovered. We think that's important.

However, I also want to put this debate and conversation into a bit of context here as well, especially for folks who might just be tuning in to this conversation.

I think it was in 2022 that the Treasury Board amended the mandatory procedures for contracts awarded to indigenous businesses. It committed the government to award 5% of the total aggregate of federal contracts to indigenous businesses each and every year. The target that was set in 2022 was 5%.

If you look at the report that was provided by Indigenous Services Canada on that mandatory minimum 5% threshold, you'll find that actually 6.27% of all contracts were awarded to indigenous businesses. That means \$1.6 billion of all contracts went directly to indigenous businesses. This is tremendous progress. There is more work to be done, no doubt, but it is incredible progress—remarkable, when you think about it. Sixty-eight organizations, which represent about 72%—so, three-quarters of federal departments and organizations—exceeded that target, which is quite remarkable.

One of the strongest departments is Shared Services Canada, which awarded the highest percentage to indigenous businesses; it amounted to 19.3% of its contracts, valued at \$476.3 million. Again, this is a very big step forward in terms of indigenous procurement.

Yes, we want to make sure that indigenous procurement is as efficient and effective as possible. We absolutely need to focus on audits and on making sure that the funds are distributed effectively and efficiently. However, this program is a success on so many different fronts. Of course, there's more work to do, and we're always looking at improving it. Listening to the deputy minister talk about how important indigenous procurement is to achieving economic reconciliation....

• (1255)

The two go hand in hand. As Plato—one of the indigenous-led businesses—wrote to the committee, “With an effective Indigenous procurement system in place, the Government could make tremendous steps forward toward economic reconciliation with Indigenous peoples.”

I also think it's important for us to focus on the context of what a strong and successful indigenous procurement program is. What was alluded to in a line of questioning on a couple of occasions was the importance of co-development. Co-development is really foundational to the success of the indigenous procurement strategy. It truly is at the heart of any updates and changes to indigenous procurement policies. It is very much driven from the bottom up, as opposed to the top down. It truly is a partnership.

Again, go back to \$1.6 billion in contracts. One of the questions raised, as well, that bears repeating is.... It was pointed out that there are about 2,900 companies in the indigenous business directory, and upwards of 60,000 indigenous businesses across Canada.

The question is, how do we make sure we eliminate barriers to federal procurement contracts for indigenous businesses, so we can get that number up even higher?

With that, Mr. Chair, I wanted to provide a bit of context for this motion—frame it in the context of a successful indigenous procurement program and one we are all looking forward, as partners, to improving, expanding and growing. Again, early results are in. It is a very successful program that has yielded tremendous benefits and results.

With that, I will yield the floor, Mr. Chair.

The Chair: Thank you.

Mr. Boulerice, go ahead on the amendment.

[*Translation*]

Mr. Alexandre Boulerice: Thank you, Mr. Chair.

My comments pertain to a technical detail. I understand the English version well, but the French version is difficult to understand, because some words are missing.

[*English*]

The Chair: Yes, I heard that from the clerk as well. Whoever did the French version.... I apologize for saying this, but it's apparently not very correct.

Mrs. Laila Goodridge: It's not readable.

The Chair: I've heard “not readable” as well. I've asked the clerk to make the adjustments and send it out.

Does anyone else wish to speak on the amendment?

Mr. Majid Jowhari: I would like to speak.

The Chair: Mr. Jowhari, go ahead.

Mr. Majid Jowhari: Thank you, Mr. Chair.

With one minute, I know that—

The Chair: I'm sorry.

As soon as we're done, we'll send the email out. Keep an eye out for it.

Thank you, Mr. Boulerice, for bringing that up.

Mr. Jowhari.

Mr. Majid Jowhari: I'd like to make three points.

Number one, as all of my colleagues on this side and, I believe, some of the opposition said, this is not within the jurisdiction of ISC. They don't have the mandate or capability to dictate to anyone to return the money. Recommendation is one thing. As part of an audit they're doing, I'm sure they're making that recommendation.

Number two, I agree with Julie on this: If the services were rendered and if the end client has signed off on it, it becomes a matter of whether those services and the contract were received under false pretenses, which goes into a separate realm of processes to recover that money.

I want to go back and tell everyone—

• (1300)

The Chair: Mr. Jowhari, we are out of resources. You have 30 seconds, maximum.

Mr. Majid Jowhari: If you listen to what Madam Wilson was telling us, there are other entities looking at this. She paused because she could not elaborate. Our jumping on this thing—reporting to the House, running another concurrence and blocking the House's agenda—is not going to serve the purpose.

Thank you.

The Chair: I am going to adjourn. We're out of time.

I think that Ms. Wilson was referring solely to Dalian and not the other companies, but perhaps you can provide that to us quickly.

Ms. Gina Wilson: Can I just clarify something? I don't have financial authority to recover money, goods and services—

The Chair: I can't have you speak to the amendment, but if you wanted to speak about that...

Ms. Gina Wilson: I just wanted to be helpful. I'll step back.

The Chair: Colleagues, I'm sorry. We are out of time. We do not have any resources.

Thank you, everyone, for your patience today.

We're adjourned.

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