



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

45th PARLIAMENT, 1st SESSION

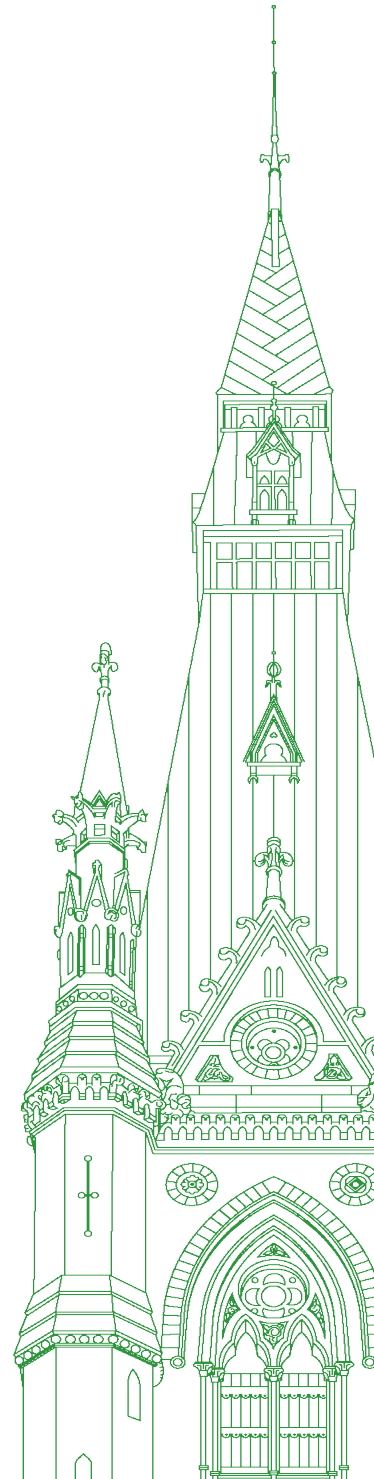
Standing Committee on Government Operations and Estimates

EVIDENCE

NUMBER 041

Tuesday, May 26, 2026

Chair: Kelly McCauley



Standing Committee on Government Operations and Estimates

Tuesday, May 26, 2026

• (1540)

[English]

The Chair (Kelly McCauley (Edmonton West, CPC)): Good afternoon, everyone. We're back in session.

Welcome to meeting number 41 of the House of Commons Standing Committee on Government Operations and Estimates.

We're starting off with our buy Canada study. We have one hour with PSPC. After that, we are going to suspend for a few moments and then go over to the Treasury Board.

Mr. Laporte, welcome back. I understand that you have an opening statement for us.

Go ahead. The floor is yours for five minutes.

[Translation]

Dominic Laporte (Senior Assistant Deputy Minister, Procurement Branch, Department of Public Works and Government Services): Thank you, Mr. Chair and members of the committee.

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

With me today are Levent Ozmutlu, director general for strategic policy, and Clinton Lawrence-Whyte, director general for buy Canadian, small and medium enterprises and digital solutions.

I would like to thank the committee for giving me the opportunity to open the discussion on the “buy Canadian” policy, the policy's importance and the components of the framework.

[English]

In the past year, Canada's economic strength and resilience have been tested by an increasingly uncertain global environment, including evolving trade pressures and tariffs, as well as ongoing disruptions to international businesses and industry supply chains. These challenges have highlighted the importance of maintaining a strong, resilient and diversified domestic economy.

As for strengthening domestic supply chains and reducing our reliance on foreign inputs, opportunities remain to more intentionally prioritize Canadian suppliers, content and materials such as steel, aluminum and various wood products.

[Translation]

Last year, the Prime Minister announced the “buy Canadian” policy as one of many initiatives announced by the Government of Canada to strengthen the Canadian economy by bringing new opportunities, access and direct benefits to Canadian industry.

Public Services and Procurement Canada, or PSPC, has a key role in the rollout of the “buy Canadian” policy, which came into force on December 16, 2025. As the Government of Canada's central purchasing agent, PSPC is uniquely positioned to use procurement as a strategic lever. With PSPC averaging \$37.8 billion in annual contracting, shifts in how we evaluate bids and define requirements can have a significant impact on domestic investment, supply chain resilience and industrial capacity.

[English]

The buy Canadian policy was designed to address the challenges Canada faces currently in a targeted way by strengthening initiatives for Canadian suppliers and increasing the use of Canadian-produced materials in key procurements.

The buy Canadian policy contains two overarching components. The first is the policy on prioritizing Canadian materials in federal procurements. This component is designed to protect and support domestic supply chains for key strategic commodities.

[Translation]

Our goal is to increase the integration of materials produced in Canada, reduce dependency on foreign inputs and require companies to source materials produced in Canada, including steel, aluminum and wood products.

[English]

The second component of the buy Canadian policy is the policy on prioritizing Canadian suppliers and Canadian content in strategic federal procurements. This component advances the Government of Canada's mission to build a strong and diversified Canadian economy. It encourages the participation of Canadian suppliers and incentivizes the use of Canadian content and strategic procurement.

[Translation]

This component includes two complementary elements: It fosters the participation of Canadian suppliers by giving them a price-based evaluation credit during the offer evaluation process and requires all bids to be evaluated based on the level of Canadian content or value-added they propose.

[English]

Both policies apply to competitive procurements of \$25 million or more. The threshold of application for the policy on prioritizing Canadian suppliers and Canadian content in strategic federal procurements will be dropping to \$5 million in June.

[Translation]

In closing, PSPC will continue to support the “buy Canadian” policy by ensuring consistent implementation through the establishment of clear guidance related to governance, compliance, monitoring, reporting and quality assurance.

[English]

Our goal is to support Canadian-owned businesses, manufacturers and suppliers, as well as to build lasting relationships that will drive demand for Canadian goods, services and materials. As it stands today, the buy Canadian policy has already applied to a portfolio of solicitations valued at over \$3 billion, resulting in the award of contracts worth over \$525 million to date.

[Translation]

Lastly, the “buy Canadian” policy is changing the way government and industry work together. As the Government of Canada, federal organizations and the Crown adopt these new measures, PSPC is in full support of this transformation.

We are pleased to answer any questions you have about the policy and its rollout.

[English]

Thank you.

The Chair: Thank you very much, Mr. Laporte.

We'll start with Mrs. Block for six minutes.

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

Thank you for being here, Mr. Laporte and officials. I'm very much looking forward to the launch of this important study.

I'm looking for some really concise answers from you in the questions I'm going to be asking.

How much does the Government of Canada spend on procurement annually?

Dominic Laporte: For PSPC, it's \$37.5 billion, on average, for the last three years.

Kelly Block: What about the government?

Dominic Laporte: For the Government of Canada, it depends, but I can say that government procurement at large, when we include provinces and territories, accounts for 14% of the GDP every year. I don't have visibility for the procurement data, so I—

Kelly Block: You don't have the exact number for the Government of Canada. Okay.

According to CanadaBuys, in 2023-24, more than 93% of all contract value was awarded to suppliers with Canadian addresses. Can you tell us, under the buy Canadian policy, how many suppliers with Canadian addresses that received contracts will no longer be eligible to bid on procurements?

Dominic Laporte: I would say that most suppliers that have a Canadian address will be able to bid on Canadian opportunities. The goal of the buy Canadian policy is not to exclude foreign suppliers. The goal is to make sure that we prioritize our Canadian suppliers.

Kelly Block: Of the contracts awarded to suppliers with Canadian addresses, how much of the value of the contracts was subcontracted outside of Canada?

Dominic Laporte: I would need to validate that information in terms of how many were subcontracted. Oftentimes, what happens in PSPC is that we don't have visibility of the portion of the supply chain that is subcontracted.

• (1545)

Kelly Block: This is potentially a big issue.

During the Prime Minister's announcements on buy Canadian last fall, he affirmed it would extend to federal funding streams and infrastructure on \$70 billion of additional spending. How much of that \$70-billion figure is going to be Canadian-made products and services?

Dominic Laporte: The other stream is G and C federal funding, so that question would be best addressed to my colleagues from TBS. We're not responsible for that portion of the buy Canadian program.

Kelly Block: You don't have any idea how much will be spent on Canadian-made products and services, yet we have this very critical program—the buy Canadian program—that Public Services and Procurement Canada is overseeing. You don't have that number.

Dominic Laporte: As for the total G and C, we don't have visibility for that.

The goal of the buy Canadian policy is to drive the Canadian content of our products. We are establishing these benchmarks as we speak. We are gathering that information, in terms of how much is spent on Canadian steel, and how much is spent on Canadian content. We are gathering that information, and—you're right—that will be key as we move forward.

Kelly Block: I will give you an example. The government boasted about an infrastructure project in the spring economic update—maybe you're familiar with this one—the Toronto city line 2 expansion project, which began in 2021. They identified that it was 55% Canadian content. Is the government expecting this policy to be only 50% effective on infrastructure?

Dominic Laporte: I'm not able to comment on that specific project. That transportation project is not under the purview of the PSPC.

What we want to do with buy Canadian is to drive Canadian content and to require suppliers to provide Canadian content in order to get more points.

Kelly Block: How much more will be considered Canadian content that wouldn't have been without the policy?

Dominic Laporte: This is really interesting. I think we're going to be seeing tangible progress, such as with Canadian steel and Canadian aluminum making their way into federal procurement. Also, outside of those products, there's a lot of... For example, when we're dealing with IT procurement, the goal is to strengthen that supply chain. We're already starting to do that with the buy Canadian policy.

Kelly Block: Does a Canadian supplier have to sell a Canadian good?

Dominic Laporte: Basically, we require an allocation of a score of 25, and so, depending on the procurement—

Kelly Block: I'm not talking about how it may or may not work in a value formula. Is it required?

Dominic Laporte: It depends on the circumstances of the procurement. If, for example, we're talking about a building made out of steel, we're going to be requiring Canadian steel.

Kelly Block: Does the Canadian supplier have to include Canadian services in procurement bids? Specifically, is it a requirement?

Dominic Laporte: It depends on the procurement. What we can do for certain procurements—and we're doing it right now with some of the procurements that have been issued—is to basically put a minimum threshold for Canadian services. We're doing that for some procurement. We're also allocating more points towards the degree of Canadian services provided.

Kelly Block: Those are points and evaluation, but they don't actually have to sell a Canadian good—

Dominic Laporte: For some procurement, we—

Kelly Block: —or include Canadian services. A Canadian supplier can be fully foreign-owned; it doesn't have to make a Canadian good, and it doesn't have to provide a Canadian service. Is that true?

Dominic Laporte: If we go back to the definition of “Canadian suppliers”, you need much more than that. You need to drive economic value in Canada. You need to create employment. If you're simply an importer of record and you add no Canadian value to the goods that you're reselling, you won't meet that definition.

Kelly Block: Thank you.

The Chair: Mr. Danko, as I understand it, you're up. You have six minutes.

John-Paul Danko (Hamilton West—Ancaster—Dundas, Lib.): Thank you, Chair.

I'm very excited to discuss the buy Canadian policy this afternoon. Before I was elected to public office, I spent 20 years in consulting engineering. I did a lot of work writing and reviewing contracts for public sector bids. One of the frustrations was always that, in the public sector, it's the lowest bidder and there wasn't an ability to tailor those contracts to really benefit the local economy and, in this case, the national economy.

Could you give us an overview, very broadly, of the current procurement procedures, such as how bids are evaluated, what the pre-qualification is and that kind of thing? How will that change now with the buy Canada policy?

• (1550)

Dominic Laporte: Thank you for the question.

In the past, we had different non-price elements and price elements when it came to bid evaluation. There were the technical requirements, of course. The cost was also a key driver. What we're doing now is really shifting the evaluation grid to include, in most procurements, a component that will be the Canadian content. It allocates 25% of the overall evaluation grid to Canadian content.

If I'm a bidder and I'm providing more Canadian content, which could be through services or the raw materials I'm sourcing, I'll get more points than my competitors. This is a key change.

I have to say that in the past, when we looked at procurement, we used to look at socio-economic factors. This is another one that we are incorporating, since December 16, with the buy Canadian policy.

John-Paul Danko: So that I'm clear, and for the public record, when bids are evaluated, the buy Canadian component is 25% of the evaluation. The bids will not necessarily go to the lowest bidder. How much of a Canadian component is in the bid will be part of the evaluation and the award.

Dominic Laporte: Exactly.

I may also turn to Levent. He may want to provide a bit more context on the application of the policy.

Levent Ozmütlu (Director General, Strategic Policy Sector, Department of Public Works and Government Services): Absolutely. Thank you for the question.

Yes, in effect, the buy Canadian components become an element of determining best value.

In the past, evaluations were predominantly based on technical merit and financial criteria. Now we've also included elements related to buy Canadian. Some of those elements will be mandatory as they relate to, for example, the use of materials in construction and defence contracts. We have mandatory requirements related to steel, aluminum and wood. Beyond that, we're looking at Canadian value added, both for the services component and for the goods that would comprise the solution being proposed.

John-Paul Danko: The current policy right now applies to federal contracts of \$25 million and over. The initiative is to reduce that down to \$5 million and roll out the small business procurement programs. Could you elaborate on the future of the buy Canadian policy?

Dominic Laporte: We plan to lower the threshold as of June 15. That's going to have a huge impact in terms of the number of procurement opportunities that will be covered and will benefit from the buy Canadian opportunities. We're going to have a bunch more contracts. We're going to be driving Canadian content. That's one thing.

At the same time, we're working actively on the small business procurement program. The goal is to see how we can simplify procurement. How can we make procurement more accessible to small businesses?

On that point, I can turn it over to Clinton, if you'll allow me, because he could expand on that.

Clinton Lawrence-Whyte (Director General, Buy Canadian, SME and Digital Solutions Sector, Department of Public Works and Government Services): Thank you very much for the question.

As mentioned, one of our priorities is to make procurement more accessible for small business. In the context of that new policy, which is still currently under development—we're looking for it to be released in the near future—it will have elements of simplification. We'll be looking at how to look at the process of procurement itself. For example, from the perspective of a small business and what it has to go through in terms of steps, can we streamline that and make it easier? Can we make the requirements clearer?

These are elements that we're going to be looking at. We'll also be looking at the provision of support to business, including leveraging technologies and digital technologies, to ensure that the support that small businesses need is accessible on a 24-7 basis.

John-Paul Danko: Thank you.

There's interest across Canada in buy Canadian, for obvious reasons. I come from a municipal level, and it was something we were very interested in. The Province of Ontario is interested in buy Canadian, so it is very good to see this leadership at the federal level.

My question through you, Chair, is this: As the federal government leads with the buy Canadian policy, how do we see it impacting decisions at the provincial and municipal levels of government?

The Chair: I apologize. Give a short answer, please, in about 30 seconds.

Dominic Laporte: We are working closely with provincial and territorial partners to provide them with a road map to implement their own version of buy Canadian, should they wish.

• (1555)

John-Paul Danko: That's excellent. Thank you.

The Chair: Thanks.

Go ahead, Madame Gaudreau.

[Translation]

Marie-Hélène Gaudreau (Laurentides—Labelle, BQ): Thank you, Mr. Chair.

I'm trying to understand the consistency and the validity of all of this. It's perfectly legitimate, but what happens on the ground is something else.

When we talk about Build Canada Homes and building more housing, we need to have truly Canadian suppliers. However, right now, in my riding and in many other places, plants are closing. It seems to me they were potential suppliers. It's all well and good to say that we're going to focus on developing the Canadian market instead of trying to penetrate the European market, but it's still wishful thinking. We need to provide direct assistance to businesses so that they can survive.

Have you thought about that?

Dominic Laporte: It worries us a lot to see plants closing, including steel mills or sawmills in your riding.

The purpose of the “buy Canadian” policy is to ensure that Canadian purchases made through government departments will benefit Canadian businesses. Therefore, we have to buy Canadian wood. Perhaps, in the past, companies went elsewhere to get the wood or import components. The goal is to make Canadian purchasing mandatory in future contracts and to ensure that it benefits local workers.

Marie-Hélène Gaudreau: I have a very simple question.

Right now, these businesses don't have cash flow. They only have access to medium to long-term assistance. I was a victim of that: In our region, a business that had been around for 100 years closed its doors. Business owners are telling us that it is all well and good to help them get certified, but if they have to cancel two shifts, it is just wishful thinking.

I imagine you are having discussions. Is there any help on the way for these companies?

Dominic Laporte: Unfortunately, that's not my area of expertise. My true area of expertise is procurement. I know that my colleagues at the Department of Industry and other departments work closely with these companies, so they would surely be able to tell you more than I can and give you all the facts.

Marie-Hélène Gaudreau: As much as I don't like using the term, it's common sense. It has to be said: If a business owner says he wants to contribute, he has to be given a chance. There are valid proposals out there right now. It was the same thing during the pandemic, but we're not being listened to. These companies come here to give us ideas for having some leeway, and now we're ignoring them while saying we're going to buy Canadian. We have to be open.

Regarding the use of procurement as a lever, I've seen that in Germany and France, public procurement is often used to support a complete industrial ecosystem: small and medium-sized businesses, suppliers, processing, training, research and so on.

Is that how the Canadian government thinks, or is every policy designed independently?

Dominic Laporte: Other countries are in the process of developing their supply ecosystem. That's what we want to do in Canada through the “buy Canadian” policy. It's certainly not a policy that was designed in a vacuum by Public Services and Procurement Canada, or PSPC. It was done together with a number of departments. The “buy Canadian” policy is part of an overall effort that has a number of other components besides procurement. Indeed, we see that other countries aren't afraid to put forward policies that favour their local suppliers and local inputs.

Marie-Hélène Gaudreau: Can you reassure me by telling me whether, as part of this project, there will be real recurring consultations and integration?

As parliamentarians, when we're on the ground, there's nothing worse than being told, “That's not my job.” We're going to hold a meeting and do everything together. They go hand in hand. It's the same thing for workers. We're talking about employment insurance reform. Everything is connected.

Is it part of your role to establish a consortium to ensure that it's not just wishful thinking and that we're really going to buy Canadian?

Dominic Laporte: Since the launch of the “buy Canadian” policy, we have held a lot of consultations, particularly with steel producers. Mr. Lawrence-Whyte, who is in charge of the Canadian procurement sector, met with thousands of suppliers. On its web page, our department collected feedback from suppliers on the “buy Canadian” policy to see what they want in it. I would say that all of that is part of our DNA as we develop the “buy Canadian” policy.

In addition, most government contracts have a component in which suppliers ask for information. We also have a chatbot to answer questions about the “buy Canadian” policy.

I would say that we approach this in a number of ways, including by interacting with manufacturers' associations or suppliers. We continually make sure that we collect that information and pass it on to our colleagues in other departments.

• (1600)

Marie-Hélène Gaudreau: I'll come back to it in the next round.

Thank you, Mr. Chair.

[English]

The Chair: Mr. Patzer, go ahead, please.

Jeremy Patzer (Swift Current—Grasslands—Kindersley, CPC): Thank you very much, Mr. Chair.

You said that the buy Canadian threshold was lowered. What was it before?

Dominic Laporte: In the past, before December 16, there was no buy Canadian policy at all. When we started implementing the policy, the threshold was set at \$25 million for all procurement within scope. That threshold will be lowered to \$5 million.

Jeremy Patzer: Why is that?

Dominic Laporte: Why was it \$25 million?

Jeremy Patzer: Why did you lower it?

Dominic Laporte: We want to ensure that when we're triggering buy Canadian to encourage the Canadian supply chain, we do that across broader categories of contracts.

Jeremy Patzer: It was said, though, that the threshold was lowered to 25% as a requirement.

Dominic Laporte: No. If I may, 25% of the total score evaluation will be allocated to Canadian content, when it comes to bid evaluation. The threshold of the application of the policy itself will be lowered from \$25 million in contract value to \$5 million, starting June 15.

Jeremy Patzer: Maybe there was some miscommunication from that side when they said that it was lowered to 25%. Minister Robertson did say that they were targeting 30%.

How did you guys come up with a certain percentage? Why is it 25%, not 30% or 75%?

Dominic Laporte: The goal was to strike the right balance.

My colleague Levent spoke about best value. We want to make sure price always remains a component, along with technical specifications and other criteria that may be assessed. Twenty-five per cent is significant in terms of driving Canadian value. It was the right level of required Canadian content—enough to make a difference while ensuring that there is still room for other evaluation criteria, such as technical criteria and price.

Jeremy Patzer: I'm going to quote from Minister Robertson.

He said:

Across government, it will vary. You know, we're not being rigid about this, because there are many supply chains that we still need to improve across the country to make sure we can supply Canadian materials at affordable rates for the infrastructure and housing that we build.

Man, there are a lot of things I could ask questions about there—for example, “Across government, it will vary”. If the minister is saying that it's going to vary, does this mean some are excluded, some have a higher threshold and some have a lower threshold? What does he mean by “it will vary”?

Dominic Laporte: Thank you for the question.

I cannot speculate about what the minister meant in the context of Gs and Cs.

What I can assure you is that, for procurement, the same policy is applicable to all departments and Crown corporations. The threshold does not change.

Jeremy Patzer: Does that include the Department of National Defence and the Defence Investment Agency?

Dominic Laporte: Indeed, that would include Crown corporations.

Regarding Gs and Cs, my colleagues from TBS would be best fit to answer questions.

Jeremy Patzer: The minister also mentioned, though, supplying “at affordable rates.”

Have you done a cost analysis to understand what impact this will have on the Canadian taxpayer as this policy gets unrolled?

Dominic Laporte: Thank you for the question, Mr. Chair.

The goal of the buy Canadian policy is to strike the right balance between making sure we keep a level of competitiveness and.... We want suppliers to bid, and price is still a factor. It's the same thing with technical requirements.

In terms of analysis, it's too early, right now, to calculate total amounts and draw conclusions, but this is something we are closely monitoring—what the impact on price will be. At the same time, though, we are still getting a lot of competition in the procurements we're seeing.

Jeremy Patzer: You talked about how you're going to prioritize and incentivize. Are you going to make the same incentives for every single procurement, or will there be some incentives that are more than others for various things, depending on what it is? Will this be equal across the board? How is that going to roll out?

• (1605)

Dominic Laporte: I'll turn to my colleague Levent on that question, if you'll allow me.

Levent Ozmurtlu: The policy does allow for a certain degree of flexibility. We do have some standardized approaches that we would like to use, such as evaluating the Canadian content as 25% overall. However, there may be situations when we want to provide a higher incentive or a lower one, depending on the market conditions, given the breadth and scope of the goods and services that we purchase.

Jeremy Patzer: What assurances do you have to make sure that the code of ethics is followed, that there is not preferential incentive given to well-connected bidders?

Levent Ozmurtlu: The code of ethics applies regardless. That's something we take very seriously.

The Chair: Thanks very much.

Go ahead, Mr. Gasparro.

Vince Gasparro (Eglinton—Lawrence, Lib.): Thank you, Mr. Chair.

Thank you, all of you, for being here.

Bank of Montreal economists estimate that a buy Canadian policy will add roughly \$10 billion to the Canadian economy, which is about 0.3% year over year.

Is your department estimating similar numbers?

Dominic Laporte: In procurement here at PSPC, we don't do those forecasts. It would be more the Department of Finance that would be doing that.

What we're seeing from the interactions we have with the Canadian steel producers and the various suppliers is that the policy people are welcoming the policy and clearly saying that it's starting to have an impact. I'm not able to quantify it in the same way, but we're seeing very positive feedback provided by suppliers and Canadian associations of manufacturers.

Vince Gasparro: I'm glad you mentioned Canadian supply chains.

In an increasingly uncertain global economic environment, will the use of a buy Canadian policy make our supply chains more resilient and less dependent on external sources?

Dominic Laporte: That's an outcome of the policy.

Maybe in the past we had suppliers doing business with the federal government, and they were not necessarily looking at whether they could source the raw material or input from a Canadian source. There was no incentive to do so. They could decide to import raw material. Now there's clearly an incentive, if they want to get more points, if they want to be successful over and over again on their bids, to really make sure that they provide Canadian content and that they maximize that Canadian content.

By nature, the policy itself will drive Canadian supply chains and will make the Canadian economy much more resilient, just in terms of steel capacity. That's one factor.

When it comes to the IT industry, the digital industry, making sure that we keep this engineering capacity in Canada, that we keep R and D.... Those are all parts of buy Canadian criteria that will be driving that Canadian supply chain, as well as resiliency.

Vince Gasparro: I'm glad you mentioned Canadian raw materials. In this particular question, I'm specifically referring to aluminum, steel and wood as being at the forefront of our government's investment purview.

Can you tell us how investment in homegrown strategic sectors, such as aluminum, steel and wood, protects Canadian industries from trade shocks and strengthens our supply chains?

Dominic Laporte: The steel industry is a very capital-intensive industry, as you know. Especially when it's being closed out of other foreign markets, it needs to make sure that it can at least leverage its domestic market, that it can still keep the mills running and that it's able to at least provide enough supply in Canada so that when we're buying bridges or doing infrastructure or when DND is looking at defence projects, we're sourcing Canadian steel. In itself, that makes a huge difference.

Vince Gasparro: Because of the significant change the world is currently going through.... I'm trying to be diplomatic; it doesn't happen often, but it does happen.

How has the buy Canadian policy insulated some of our domestic companies from that change?

• (1610)

You touched on it a little earlier, but can you expand on it?

Dominic Laporte: I would say that the way we designed the buy Canadian policy does not exclude foreign companies. Our domestic companies, which are at issue in your question, can still bid on foreign opportunities—especially when they also have a presence outside Canada. I have to say that this has been very much welcomed by corporations and by Canadian suppliers.

I'm not sure, Levent, if you want to add anything to that.

Levent Ozmütlu: The only other thing I would add, in essence, is that we're ensuring that we're fully leveraging the capacities that exist in Canada. As industry has more insight into the types of procurements that are upcoming and the types of things that the government is purchasing, we believe that they will also make those investments in order to fully leverage this policy going forward.

The Chair: I apologize. That is our time.

Madame Gaudreau, you have the floor.

[Translation]

Marie-Hélène Gaudreau: Thank you, Mr. Chair.

I've heard the word “preference” a number of times. That's not what we want to hear. We want to hear about predictability and a strategy. At this point in time, we can certainly prepare for a positive impact, but how will it be useful if we don't have a long-term vision?

I give the example of Europe because it has a long-term vision for its sectors. They aren't just trying to win the next election. We have to tell it like it is.

Do you have any discussions on certain issues or on a long-term strategy for the Canadian economy? Are you talking about that?

Dominic Laporte: The “buy Canadian” policy is part of an ecosystem, part of a range of measures. We are in charge of procurement, so we can talk about that. We see that the “buy Canadian” policy is starting to pay off. There have been contracts awarded in Quebec, for example. There is also a criterion that requires, for a contract involving steel, for example, that Canadian steel be used. The same goes for Canadian lumber and Canadian aluminum. That's the first part of the policy.

Then, under the second part of the policy, some of the points are allocated based on the percentage of Canadian content. Some might say that we are just prioritizing Canadian content and that its use is not mandatory, as is the case for wood and steel. However, if a supplier submits a bid without Canadian content, it will not win the bid. They will have a lot of trouble, because there will be a competitor who, in their bid, will propose using 50% Canadian content, for example.

That's what's starting to change. Basically, this is a revolution in government procurement.

Marie-Hélène Gaudreau: I would like someone to tell me that everyone is at the table and looking into it. That would reassure me, and perhaps my colleagues as well.

As far as labour is concerned, when a plant closes, people say they're going to do business with someone else, but there are still job losses. Afterwards, people will look to a foreign country. Some will say that it's Canadian content, that we have a free trade agreement, but it doesn't change anything for the plant. I'm thinking of Via Rail trains built in California, for example. We're just checking a box, but we don't need a seal of approval. That is what the Bloc is saying. It must not be a simple purchase preference, but a real national industrial strategy.

What do you think? I'll ask the other panellists the same question.

Dominic Laporte: The “buy Canadian” policy that we're implementing is a prime example. First of all—

[English]

The Chair: I have to interrupt. We are past our time. Please answer briefly.

[Translation]

Dominic Laporte: We work a lot with our colleagues in the provinces and territories, as well as with Crown corporations, to get them to apply it. This movement affects hundreds of federal institutions. We don't work in isolation.

[English]

The Chair: Thank you.

Go ahead, Mrs. Jansen.

Tamara Jansen (Cloverdale—Langley City, CPC): What is your department's definition of “Canadian” under this buy Canadian policy?

Dominic Laporte: The definition of Canadian suppliers is to have a permanent establishment in Canada, to pay taxes in Canada, to create employment in Canada or to have a place of business in Canada. Those are key criteria. This is to drive not only—

Tamara Jansen: Thank you. I'm sorry; I have lots of questions.

Does the policy require a Canadian head office, yes or no?

Dominic Laporte: The policy does not require a Canadian head office.

Tamara Jansen: Could a company that has a Canadian office or post office box but that operates primarily outside of Canada count as Canadian, yes or no?

Dominic Laporte: In all likelihood, they're going to be excluded.

Tamara Jansen: Could a company that's 100% foreign-owned still qualify as Canadian?

Dominic Laporte: They could.

Tamara Jansen: Could a foreign company create a Canadian subsidiary and qualify as Canadian?

Dominic Laporte: If they meet the other aspects of the Canadian supplier definition, yes.

• (1615)

Tamara Jansen: Okay. If a company from a country without a trade agreement with Canada establishes a Canadian subsidiary, registers and files taxes here, maintains a Canadian address and conducts day-to-day business here, could it qualify as a Canadian supplier?

Dominic Laporte: If they have enough employment in Canada and they drive Canadian content, they're going to qualify.

Tamara Jansen: Does PSPC distinguish between Canadian-owned companies and foreign-owned companies operating in Canada?

Dominic Laporte: That was a policy decision that was made in order not to penalize Canadian—

Tamara Jansen: Is that a yes or no?

Dominic Laporte: We don't, no.

Tamara Jansen: Does your department track how many procurements go to foreign-owned firms qualifying as Canadian?

Dominic Laporte: Yes, we are tracking this.

Tamara Jansen: When the policy refers to Canadian services or Canadian labour, does that mean labour performed by Canadian citizens and permanent residents or simply work performed by individuals based in Canada?

Dominic Laporte: I may turn to Levent on that specific question, if you'll allow me.

Levent Ozmutlu: It generally has to do with the people performing the work and whether they reside in Canada, so they're Canadian citizens or otherwise lawfully here, such as immigrants.

Tamara Jansen: Temporary foreign workers...it includes them, then.

Levent Ozmutlu: I wouldn't get into that myself, personally, because I don't know the exact legal construct on that.

Tamara Jansen: How does PSPC verify where the work is performed?

Levent Ozmutlu: This is done through self-attestations, and we have the ability to audit those attestations as well. We are also developing a compliance framework.

Tamara Jansen: Does the policy apply only to the prime contractor?

Levent Ozmutlu: The policy flows from the prime contractor to the other levels as well. When we're talking about Canadian content, those would be things that are applicable throughout the supply chain.

Tamara Jansen: Your policy will apply to subcontractors as well.

Levent Ozmutlu: It applies to subcontractors in the sense that we will be looking at where those goods are produced or where the services are rendered to determine the Canadian content.

Tamara Jansen: How many levels down the subcontracting chain does it apply?

Levent Ozmutlu: It would depend on the circumstance, depending on the levels of the supply chain.

Tamara Jansen: What percentage of value-added work can be subcontracted outside of Canada before a supplier no longer qualifies as Canadian?

Levent Ozmutlu: In terms of the value of the subcontracting, we are not putting a hard limit on that. That's determined based more on the evaluation. The more Canadian content you have, the higher points you will get.

Tamara Jansen: Okay. Has—

Dominic Laporte: If I could add—

Tamara Jansen: I have another question. I'm sorry.

Has PSPC defined the threshold in writing for what we were just talking about?

Dominic Laporte: You could be disqualified as a Canadian supplier if, for most of your activities, it was realized that you were subcontracting, so you're no longer driving those Canadian activities. For example, the supplier is outsourcing 75%—

Tamara Jansen: Is it in writing?

Dominic Laporte: It's part of the policy, and it's going to define—

Tamara Jansen: It's in writing, then. We could find that.

Dominic Laporte: Yes, you could find that as part—

Tamara Jansen: If you can hand that in, that would be great. That would be wonderful.

Dominic Laporte: There's no specific threshold, though.

Tamara Jansen: Who verifies subcontractor compliance?

Dominic Laporte: In terms of the subcontractor compliance, it's going to be on the supply chain. It's going to be incumbent on the main contractor to ensure that subcontractors are keeping all the evidence required for the self-attestation.

Tamara Jansen: How many resources will it take to properly monitor compliance?

Dominic Laporte: We are launching the policy. There's a group.... Primarily, we're going to be relying on self-attestation.

Tamara Jansen: Okay.

In any procurement so far, has the government paid more in order to meet buy Canadian requirements?

Dominic Laporte: I'm not able to comment on that. We have limited numbers of procurements so far.

Tamara Jansen: Has PSPC calculated the average cost premium associated with applying this policy?

Dominic Laporte: Nine contracts have been awarded, so we don't have a large sample that will allow us to calculate that at this time.

Tamara Jansen: Do you have a formal audit framework for buy Canadian compliance?

Dominic Laporte: We do have a compliance framework that has been developed. We involved our audit group as part of that, and yes, it's a very comprehensive, detailed audit.

Tamara Jansen: However, a lot of it is self-attestation. That's what I understood from your answers.

Dominic Laporte: No, there's much more. It starts with a self-attestation, but at any time we can request information to—

Tamara Jansen: Will audits be random or risk-based?

Dominic Laporte: They're going to be risk-based.

Tamara Jansen: Will they rotate between—

The Chair: I apologize, but that is our time. Thanks very much.

We'll finish with Ms. Rochefort, please.

[Translation]

Pauline Rochefort (Nipissing—Timiskaming, Lib.): Thank you, Mr. Chair.

[English]

I thought I would pursue the same line of questioning as my colleague Madame Jansen, if I may. Could you answer with a yes, a no or maybe a very short reply, if that's appropriate?

Does this policy give a clear and measurable advantage to companies with a real footprint in Canada? Do businesses that invest here employ Canadians and contribute to local economies?

Please answer with a yes, a no or a very short answer.

Dominic Laporte: Yes, it really drives.... The goal is to become our best customer when we procure, when we buy as a government, and to lead by example on that front, so yes.

Pauline Rochefort: Thank you.

I have a second question. Will federal procurements prioritize bids that feature greater Canadian content, which includes manufacturing, research and development and other economic activities that occur domestically?

Please answer with a yes, a no or a very short answer.

• (1620)

Dominic Laporte: Yes. The more Canadian content you provide, the more likely you're going to be the successful bidder.

Pauline Rochefort: Thank you.

Does this updated definition of Canadian suppliers add specificity to our procurement criteria and is it designed to ensure that Canadian-based companies, Canadian workforces and Canadian industries are prioritized for investment and growth?

Can you provide a yes-or-no answer and maybe expand on that? Is there a vision there?

Dominic Laporte: Yes. In the past, under the Canadian suppliers definition, the only thing you needed was a mailbox in order to receive government contracts. We wanted to take the Canadian Free Trade Agreement definition and add a layer to it that would include a Canadian presence and Canadian employment. This has been done to ensure that those that are going to be benefiting from buy Canadian are businesses that are keeping employees, that are creating jobs in Canada and that are also paying taxes in Canada.

Pauline Rochefort: Thank you.

Will this approach strengthen our supply chains, as my colleague asked a moment ago, create good jobs across the country, diversify our economy and ensure that federal investments benefit Canadian industries and workers, even when foreign suppliers are involved?

Can you provide a yes-or-no answer and maybe a comment on foreign suppliers that are involved in our country?

Dominic Laporte: Yes. The goal is not to prevent foreign suppliers from bidding on Canadian opportunities. Buy Canadian opportunities are not to exclude our trading partners. If they, for example, have corporations in Canada, they're able to bid. The goal is really to incentivize Canadian content.

Pauline Rochefort: Why is it so important to ensure that foreign suppliers can also bid on our contracts? What would be the impact of that, and why is that essential?

Dominic Laporte: That's an excellent question.

We want to make sure that we have very successful companies in Canada that are also doing business outside Canada and are bidding on opportunities at the state level, at the federal level in the U.S., in Europe and across the world. They don't want to be cut off from the market. They expect reciprocal treatment. If we were to drill down on ownership, we would be putting at risk the ability of these businesses to be successful in foreign markets.

Pauline Rochefort: Do you find an alignment with the policy that Canada is coming forward with in terms of how it compares to other countries? I read the buy American policy. How would you define our policy vis-à-vis the American one?

Dominic Laporte: I'm not an expert in trade law, so I wouldn't want to draw comparisons. Many jurisdictions around the world are taking measures that are similar in nature to the buy Canadian measures.

Pauline Rochefort: At this point, has the policy been rolled out across the different departments in the government?

Dominic Laporte: Yes, it has been rolled out. Maybe I can turn to Clinton to talk about some of these efforts.

Clinton Lawrence-Whyte: As part of our implementation of the buy Canadian initiative, we have been engaging with other departments to ensure their readiness is progressing as it has been implemented. For example, we have a key forum we use to engage at the buyer level across departments called the client advisory board.

We've gone to this board a number of times providing updates as the policies have been evolving. We're able to answer questions and raise awareness in terms of what is coming, so that, as we're gearing up to advance different steps related to the buy Canadian initiative, our colleagues in the departments are also going to be ready.

There's still quite a lot of work to be done, but we try to make sure that consultation is a part of it.

Pauline Rochefort: I have a quick question. Do you know how many dollars that represents so far with the implementation that has occurred?

Clinton Lawrence-Whyte: I wouldn't be able to put a value on that, but I would say, in a sense, that these are procurement responsibilities that are ongoing, and this is an added element that they need to take into consideration with respect to procurements that would likely continue. It's just the nature of how they are taking place.

[Translation]

Pauline Rochefort: Thank you.

[English]

The Chair: Thanks very much.

We're going to suspend for a few minutes to get our next witnesses in.

Thanks for being with us again, and we'll maybe see you back for supplementary estimates (A).

We're suspended for a few moments.

• (1620) _____ (Pause) _____

• (1630)

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

Welcome back to our colleagues from Treasury Board.

Do you have an opening statement, Mr. Krumins?

Wonderful. The floor is yours for five minutes, please.

Martin Krumins (Assistant Comptroller General, Financial Management Sector, Treasury Board Secretariat): Thank you, Mr. Chair, and thank you for the opportunity to appear before the committee today.

My name is Martin Krumins, assistant comptroller general for the financial management sector at the Treasury Board of Canada Secretariat.

I'm here today with my colleagues: Michelle Kealey, acting executive director for financial management and transfer payments, and Emilio Franco, executive director of the procurement and materiel directorate. We are pleased to be here to speak about grants and contributions, as well as our work supporting the implementation of the buy Canadian policy.

At the Office of the Comptroller General, we provide government-wide direction in areas such as financial management, internal audit, investment planning, procurement and project management, as well as management of real property, materiel and transfer payments—also known as grants and contributions. Grants and contributions are governed by the Treasury Board policy on transfer payments, which sets out roles, responsibilities and requirements for their management. The objective is to ensure that these programs respond to government priorities, deliver results for Canadians and are managed with integrity, transparency and accountability.

Control mechanisms are in place throughout the process. Departments must first obtain policy approval for programs and then seek Treasury Board approval for terms and conditions, which establish the parameters for transfer payments, including objectives, funding, expected results and eligibility criteria.

[Translation]

In terms of roles and responsibilities, departments are responsible for designing and implementing their grants and contributions programs, ensuring that appropriate practices and requirements are commensurate with risks. They are also responsible for monitoring compliance and performance through reporting to ensure that programs are achieving their intended results.

[English]

The Office of the Comptroller General supports the management of grants and contributions by ensuring that terms and conditions align with cabinet direction and the policy on transfer payments. The OCG plays a government-wide leadership and oversight role by promoting sound management practices, monitoring compliance and supporting the transfer payments community.

Let me now turn to the buy Canadian policy and our role in supporting its implementation in grants and contributions.

I understand that you spoke with PSPC earlier. In terms of our roles, PSPC is responsible for developing and implementing the buy Canadian procurement policy framework whereas TBS supports extending this policy to grants and contributions through guidance, awareness and alignment with the pre-existing Treasury Board instruments. By extending the policy to grants and contributions, federal funding programs can encourage recipients to prioritize and support Canadian content and suppliers as they align with program objectives and authorities.

To date, the Treasury Board Secretariat has taken a pragmatic approach by developing guidance to help departments determine where and how to integrate buy Canadian considerations. This guidance aims to ensure a consistent approach while maintaining a degree of flexibility.

Departments have also reviewed their programs to identify when buy Canadian considerations can be applied. Implementation is progressing through the integration of “buy Canadian”-related provisions into new funding agreements and, when appropriate, revisiting or renegotiating existing agreements.

Going forward, the focus will be on ensuring that funding conditions are respected, using existing oversight mechanisms, while minimizing additional burden and complexity.

In closing, Mr. Chair, the Office of the Comptroller General continues to work closely with departments to ensure that grants and contributions programs are well managed, effective and aligned with broader federal objectives, including the implementation of this policy.

• (1635)

[Translation]

We will be happy to answer your questions.

Thank you.

[English]

The Chair: Thank you very much.

We'll start with Dr. Lewis. You have six minutes. Welcome to OGGO.

Leslyn Lewis (Haldimand—Norfolk, CPC): Thank you, and thank you to the witnesses for being here today.

Canadians were told that federal infrastructure spending would support Canadian workers and Canadian industries, especially during the rough periods of tariffs and economic uncertainty, yet documents that were tabled in Parliament through an Order Paper question show billions of dollars flowing to projects that depend on foreign suppliers, including foreign telecommunications equipment, and even to a foreign shipyard.

Can the government explain why the responses provided to Parliament by way of the Order Paper questions indicated that, despite the buy Canadian announcements, no contract has been signed within a clear buy Canadian framework?

Martin Krumins: Thank you for your question.

I'm unable to speak to the components of contracting, but with respect to grants and contributions, I can say that we are at the first phase of our implementation, in which we have now directed all departments to assess their programs. These are approximately 800 programs across the Government of Canada that represent about \$90 billion in annual spending—

Leslyn Lewis: In that assessment, do you plan to track the percentage of Canadian labour, Canadian materials and Canadian ownership participation that is attached to federally financed infrastructure projects? Is that something you do now? If you don't, do you plan to do that in the future?

Martin Krumins: With respect to how we're going to be tracking and implementing this, as I've said, there are about 700 to 800 programs across the Government of Canada. We directed all departments to undertake that assessment. That assessment was completed in the middle of February. Ministers and departments came back acknowledging that about 450 of those programs would be in scope and eligible and would be incorporating buy Canada principles into their programs.

Leslyn Lewis: What are buy Canada principles? How do you define “buy Canada principles”? How can the government verify that Canadian workers are benefiting from, for example, these taxpayer-financed infrastructure projects?

Martin Krumins: With respect to infrastructure projects, the Department of Housing, Infrastructure and Communities has published their specific guidance and framework on how they're going to be implementing in that realm. As for all of the Government of Canada, we have encouraged departments to incorporate the definitions, thresholds and requirements, including eligibility criteria.

Leslyn Lewis: You used the word “encouraged”. You don't require them to do that.

Martin Krumins: Well, there are several ways in which the policy can be incorporated into a program. It can be incorporated by amending the program's terms and conditions. It can be incorporated by changing the eligibility projects up front—

Leslyn Lewis: You said “encouraged”, though, so this is not a requirement. “Buy Canada” is not a requirement of projects, then. Is that correct?

Martin Krumins: No, I'm sorry. I may have misspoken.

The policy is mandatory for all grants and contributions programs. We have asked and instructed departments to assess their programs for when they may be most appropriate, when they may be not applicable and when they may require an exception, and if—

Leslyn Lewis: How many projects across the government have mandatory Canadian content requirements as opposed to voluntary ones? Do you know that answer?

Martin Krumins: We're not at that stage yet. The first stage—where we're at—is that we have instructed all departments to assess their programs on incorporating the principles and to identify which programs will incorporate and which programs would not be a proper candidate for the buy Canada principles.

Leslyn Lewis: Do you know how many foreign suppliers or foreign state-like firms, since 2017, have benefited from funding programs that would have “buy Canada” attached to them in the future?

Martin Krumins: With apologies, I do not have that information.

Leslyn Lewis: Okay. We don't know what we're trying to fix. Is that what you're telling me?

Martin Krumins: No, I would say in this case that we're promoting the buy Canada policy through the grants and contributions instruments.

• (1640)

Leslyn Lewis: Do you track the economic benefits arising from these projects? What's your measure?

Martin Krumins: Within the Treasury Board of Canada Secretariat, we don't track that centrally. These are components of program results that are reported within each department. From a central perspective, we are encouraging using four types of indicators to measure results in this program. The first would be—

Leslyn Lewis: You realize that this sounds like a slogan.

Martin Krumins: No—

Leslyn Lewis: “Buy Canada” sounds like a slogan, because you're expecting Canadians to trust you when you are not tracking outcomes. What is your measure? How can Canadians be convinced that taxpayer dollars are going to be used to help fund Canadian jobs, Canadian labour and Canadian manufacturing and that Canadians are going to benefit ahead of foreign companies? How can you trust that when you're not measuring it?

Martin Krumins: The guidance we have issued to departments prescribes four specific measures that we would like to see them tracking. The first is the number and value of funding agreements prioritizing Canadian materials. The second is the number and value of funding agreements prioritizing Canadian content—

Leslyn Lewis: You've already highlighted that. I want to know, do you have the capability of enforcing those things that you say you're tracking? What's the enforcement procurement mechanism that you're going to use?

The Chair: We have no time left. If it's a brief answer, go ahead. If not, we'll get back to it in the next round.

Martin Krumins: The plan for the Treasury Board of Canada Secretariat to monitor compliance is through the risk and compliance process. That's an annual piece driven out of the Treasury Board Secretariat.

Leslyn Lewis: Thank you.

The Chair: Thank you very much.

Mr. Gasparro, go ahead, please.

Vince Gasparro: Thank you, Chair.

Thank you all for being here.

We recently announced our first buy Canadian project with the acquisition of 55 new subway trains for Toronto's line 2 subway. The project has over 55% Canadian content. It will fund more than 900 direct jobs and 1,700 indirect jobs across our country.

Can you speak to how the buy Canadian policy helped enable this purchase and how Treasury Board is working to replicate similar successes across other major projects?

Martin Krumins: Certainly. Thank you for the question.

As I was saying, we are in the first phase of the launch of the buy Canadian policy and the integration into the grants and contributions programming. That first phase was launched on December 16. It required departments to assess their grants and contributions to identify where those policies could be applied.

The second phase, which was completed on February 16, focused on departments' determining how to integrate those requirements into their program design. For example, the buy Canadian policy requirements are embedded in either the terms and conditions in funding agreements or recipient reporting, as appropriate.

The departments are currently in the third phase. The example you provided would be a very good example of that. It involves implementation occurring in two streams—incorporating buy Canadian related provisions into new agreements that are signed and, where appropriate, into existing agreements as they are visited or negotiated. We're seeing this across a multitude of strategic sectors. The example you provided is within the infrastructure, construction and transportation sector. That's the largest contributor to the buy Canadian policy from the assessments that departments have completed. Health and pharmaceuticals are also significant, as are communications and defence and security.

Vince Gasparro: Thank you for that.

I will move on to something else that I think you touched on a little earlier. Can you walk us through what the plans are to monitor the buy Canadian policy to ensure that it's functioning as intended?

Martin Krumins: We have three strategies that we will be implementing to monitor compliance with the policy for grants and contributions. First, we'll use the risk and compliance process, which is an annual process managed through the Treasury Board Secretariat. It involves all departments' assessing their compliance with these policies. We will be asking about two specific things: the percentage of agreements that were signed, as identified against their earlier assessments, and the percentage of agreements and the values obtained through that.

Second, we'll ask departments to track and identify, through annual departmental reporting, their best practices and lessons learned, as well as to update their tools and resources accordingly. As I've noted, we had prescribed some specific performance measures, including the value and number of agreements. This is below the program level. The statistics in terms of the number of programs that are incorporating the buy Canadian policy are at the program level. We will be asking departments to start tracking that at the very specific agreement and project level, as well as to include the value of materials and the value of Canadian content.

I would caution, though, that given the magnitude of projects in scope—we're estimating that roughly 45,000 projects funded annually would be within scope—it is quite an overwhelming paper burden to go through all those. Our systems will need to catch up, but rest assured that these are the measures we're trying to track.

• (1645)

Vince Gasparro: Can you touch on some of the exceptions to the buy Canadian policy and explain the rationale behind them, please?

Martin Krumins: For that, I'll turn to my colleague Michelle Kealey.

Michelle Kealey (Acting Executive Director, Financial Management Transfer Payments Policy, Treasury Board Secretariat): Thank you.

Naturally, given the diverse nature of grants and contributions programs, we've allowed for exceptions. As we've indicated in our guidance, the departments are to identify when applying buy Canadian would not make sense. For example, for programs in which the funding has already been subscribed or for programs that have sunset, that wouldn't make sense. In a case in which it would naturally apply but it's not the circumstance that would allow for it, the minister would approve the exception.

Vince Gasparro: Great.

How much time do I have, Chair?

The Chair: You have one minute and 50 seconds.

Vince Gasparro: Great. Thank you.

It was touched on earlier that there was a reduction in the threshold for contracts, from a high watermark of \$25 million down to contracts worth \$5 million. Can you touch on the rationale behind that?

Martin Krumins: Grants and contributions are a bit of a different instrument from procurement. Procurement is a very prescriptive set of rules. Grants and contributions are an instrument through which we provide funding to a recipient to further the objectives of the Government of Canada. This is not a case in which we're acquiring, specifically, a good or service in return: We're contributing and providing money to a project's ultimate outcomes.

With respect to thresholds, because of the diversity of programs across the Government of Canada—specifically, infrastructure or health, or working with small NGOs that provide local community services—we did not set out a threshold or definitions within the construct of the guidance for grants and contributions. Rather, we pointed directly to the definitions and thresholds contained within the PSPC framework for buy Canadian.

That said, in the assessments that came back, most of the departments were including, at the program level, eligibility criteria in programs that are well below the \$5-million threshold. Therefore, we can say that there are 21 departments and 116 programs that are extending the criteria to programs below the \$5-million threshold. Because of the nature of the small amount, this will extend the program's annual funding by a further \$185 million in total.

Vince Gasparro: Thank you, Chair.

The Chair: Thanks.

Madame Gaudreau, go ahead.

[Translation]

Marie-Hélène Gaudreau: Thank you, Mr. Chair.

My question is this: Who's thinking about this as a whole? I'm trying to understand the strategic thinking behind it. This is a topic I already touched on in the previous hour. PSPC talks to us about procurement; Innovation, Science and Economic Development Canada talks to us about innovation; the Department of Finance talks to us about investments. However, who in the federal government is responsible for ensuring that all policies pursue the same objectives?

You heard my question earlier. Do you meet regularly? Who is responsible?

Martin Krumins: Thank you for your question. It's a good question.

[English]

I would say that our role in TBS is to focus on the instruments and to make sure that they're applied correctly. We are not the holders of the buy Canadian policy, but we do work closely with Public Services and Procurement Canada, with respect to the procurement component.

If you'd like, I could turn to Emilio Franco, my colleague, to speak about how we work with PSPC.

[Translation]

Emilio Franco (Executive Director, Procurement and Materiel Directorate, Treasury Board Secretariat): The government has announced a number of strategies. The “buy Canadian” policy is only one component of a larger policy framework. For example, there's the defence industrial strategy, which deals not only with procurement, but also with how we're going to improve and strengthen Canada's defence industrial economy.

There are a number of strategies we are working on together, with each minister concerned, to ensure that the policies, strategies and programs are aimed at achieving the same objective, which is to support the Canadian economy.

I know that when you talk to each of us, you can get the impression that we each have our own policy, but we really work with the government.

• (1650)

Marie-Hélène Gaudreau: Technically, a lever would be meaningful when the industry.... I understand that there are meetings with all stakeholders in the industrial community, but they have demands and, unfortunately, they are not being heard. We're going to end up saying that the policy has included the word “preference” and not the word “obligation”, because there are currently obstacles to industrial development. We would do well to step up and help each other.

Is holding meetings on an innovation strategy something that will be on your to-do list?

Emilio Franco: Yes, we are always working to find the best way to improve the situation.

I work in procurement, but it's only one of the tools in the tool box to help Canadian suppliers. We have grants and contributions, as well as a number of employment programs.

I think it's about how we can ensure that all the programs work together. Personally, I'm involved in discussions on strategies that affect procurement, and I can confirm that we talk to each other to ensure that the strategies we launch improve the Canadian economy for Canadian suppliers and Canadians.

Marie-Hélène Gaudreau: Let's talk about strategic sectors. Has the government identified any sectors that deserve special attention?

Emilio Franco: Yes, there is a list of strategic sectors to which some elements of the “buy Canadian” policy apply.

Marie-Hélène Gaudreau: How is Treasury Board going to work with the provinces? We have seen that, even within Quebec and the provinces, trade agreements are not always easy.

Are there any concerns about the development of trade agreements? Where are we in the development of these agreements on the provincial side?

Emilio Franco: As the PSPC representatives said earlier, when it comes to procurement, they work with the provinces and territories. At Treasury Board, we are participating in discussions to de-

velop a plan on how we can all work together in a consistent manner to—

Marie-Hélène Gaudreau: We mustn't forget that each province also has its own strategy. For example, Quebec's strategy is not the same as Ontario's or Alberta's.

Emilio Franco: That's true. For example, we have worked with the provinces and territories to establish a definition of the term “Canadian supplier”. I know that each province and territory has to make its own decision and doesn't have the same definition, but we've worked together to try to find one.

Marie-Hélène Gaudreau: Okay.

I have 20 seconds left.

In France and Germany, research, SMEs, large businesses and public procurement are part of a continuum. I think about that a lot.

Is it or is it not our wish, in Canada, to have this economic vision?

Emilio Franco: The government's strategy is to support the Canadian economy—

Marie-Hélène Gaudreau: That's right.

Emilio Franco: Yes, that's exactly right.

Marie-Hélène Gaudreau: Thank you, Mr. Chair.

[English]

The Chair: Thank you.

We'll go to Ms. Block, please.

Kelly Block: Thank you, Chair.

Welcome.

When Mr. Matthews last appeared here, which was on May 7, I asked him about the buy Canadian policy's being applied to grants and contributions programs. We've already talked a bit about that and whether or not all departments would be expected to implement it. He said, “All departments are expected to look...to see what might be possible.”

However, I would note that, in an announcement that was made by the Prime Minister on September 5, he said that the policy would expand to grants and contributions. Then again, in the government spring economic update, it states, “It extends across the federal government and across all funding streams, including grants and contributions”. Which is it? Does it apply when possible? Does it apply to some and not others? Will it apply to all grants and contributions?

• (1655)

Martin Krumins: The policy applies to all grants and contributions, and we required ministers to assess all their programs for eligibility against this new policy. That phase has been completed, and ministers have completed and looked at how best they could incorporate those requirements into their existing programs.

As noted before, there are some programs that would not be applicable. For example, if a grant and contribution provides a benefit directly to an individual, it would obviously not be in the spirit of buy Canada. Also, there are some international payments that we make for treaty obligations. Those would also be excluded. Those would be considered things that are not applicable.

We've also asked departments to assess their programs, and they've identified areas that are excluded from the buy Canada provisions. These would be programs in which the agreements are already fully subscribed and there are no new funding opportunities or in which the funding is sunseting and there was money in previous years but not going forward, although they're on the books.

Kelly Block: Thank you.

Martin Krumins: That assessment has been completed.

Kelly Block: Is it possible to integrate the policy into grants at all, or is it just contributions—knowing the difference between the two?

Martin Krumins: Grants are certainly an item that can be considered to have buy Canada as part of their design. That would be through their upfront eligibility. In order to be eligible for a specific grant, a department could choose to write in eligibility requirements that align with the buy Canada definitions.

Kelly Block: Given that a grant is not subject to being accounted for by a recipient or normally subject to an audit by the department, what's the plan to audit or monitor compliance of grants if, according to the Treasury Board's policy on transfer payments, grants cannot be audited?

Martin Krumins: Grants will be part of our reporting through the risk and compliance process.

Michelle, did you want to add a little bit more?

Michelle Kealey: Based on the policy, a department can take a decision based on risk to include additional provisions for results reporting. In that instance, a department, given the interest of buy Canadian, may indicate reporting requirements.

Kelly Block: Have you set a timeline for departments to advise the Treasury Board or PSPC of when they can or can't implement this policy into their grants and contributions program?

Martin Krumins: We required those assessments to be provided to the Treasury Board Secretariat by February 16. All departments have submitted those assessments to us. We essentially now know which programs are intending to move forward with changes to their programs to incorporate that.

Kelly Block: I thank you for the explanation you've provided to me on the differences between what has been stated by Mr. Matthews and the pretty definitive expectation that's been laid out by the Prime Minister's Office and in the official government communication document in the SEU.

It would appear that they're claiming something that isn't true by saying that this will be extended to all grants, contributions and funding streams. I want to note that there's inconsistency there.

My final question would be this: Can you tell me more about the ministerial exceptions being provided under this policy? I think Ms. Kealey had referenced the exceptions that ministers would have.

Michelle Kealey: As per the buy—

The Chair: I have to interrupt.

Give a very quick answer, or get back to us in writing.

Michelle Kealey: We can do that as a follow-up. That's no problem.

Kelly Block: Yes, get back to us in writing, please.

The Chair: Thanks.

Mr. Danko, go ahead, please.

John-Paul Danko: I think Canadians are very supportive of the buy Canadian policy in this moment for various obvious reasons. Canadians are expecting the federal government to support Canadian business and Canadian workers, first and foremost.

I'm very happy that our government is taking this leadership role at the federal level to implement this policy and is expecting that provincial governments, municipalities and other partners will follow suit. We're really setting the expectation nationally for what buy Canadian means.

My understanding is that, from the federal perspective, there are two ways this policy applies. The first is through direct federal procurement. We heard about that earlier from the Department of Public Works and Government Services. It's also through federal funding—when we're funding projects through grants, contributions, loans and other funding agreements.

Going back to first principles, what are those funding mechanisms? Who receives that funding? How are those agreements arranged?

Give a broader definition of grants, contributions and loans. What is that category?

● (1700)

Martin Krumins: I'll turn to Michelle to answer that question.

Michelle Kealey: Grants and contribution programs, by their very nature, are funding programs that support a project that's led by the recipient. To give you a sense of the magnitude, the policy on transfer payments covers \$82 billion over 700 programs. The diversity of the Gs and Cs is quite unique.

The intent of the buy Canadian policy is to consider extending it as a real opportunity to look at broader impacts.

In terms of the grants and contributions process, you have departmental programs, and they get their annual appropriation. When they want to put a project in place, they'll launch a call for proposals and receive applications. In the context of buy Canadian, they may put some buy Canadian provisions in the application stage. They might consider putting it at the assessment stage, including some provisions within the funding agreement. Once the funding is flowed through the funding agreement, there are standard monitoring and reporting procedures that are to be followed, as per the policy.

John-Paul Danko: It would be part of the terms and conditions of the transfer payments—I think you said that earlier. The buy Canadian policy requirements are mandatory. We've clarified that.

I'll use the example of a municipal waste-water treatment plant with 30% federal funding, 30% provincial funding and 30% municipal funding. The federal component would be subject to the federal buy Canadian policy we're talking about. That would be written into the transfer agreement with the proponent of that project. Our further expectation would be that the provincial and municipal contributors have a similar policy to follow suit.

Could you help me understand how things would work in such an example?

Michelle Kealey: Per the guidance, when they're doing their assessments, we ask departments whether they have projects that support provincial-federal funding, whether there is a provincial buy Canadian policy in place and whether it aligns with the federal approach; if so, we ask that this be considered. In a case in which you have distribution across all jurisdictions, the expectation is that they align. It's about working at the funding agreement level to make sure they speak to one another and that they're working in the context of the recipient and the success of the project.

John-Paul Danko: Help me understand this, specifically: When we are making these project awards or announcements—I'm not sure what the right word is—are all proponents aware of the buy Canadian requirements they are participating in? I heard some concern, earlier, about tracking and monitoring, in particular with grants. At the initial stage, when that funding agreement is approved, what requirements for tracking and reporting are included to make sure the proponent is following through with the requirements we are setting forth?

Michelle Kealey: At the beginning of a funding agreement—when it's being drafted—the departments are encouraged to talk about monitoring requirements. The expectation is that they put provisions in the funding agreement that clearly outline the data that is expected as part of the project.

• (1705)

The Chair: Thank you.

Go ahead, Madame Gaudreau.

[Translation]

Marie-Hélène Gaudreau: I want to go back to my long-term vision.

When you're an entrepreneur, you're essentially managing risks. I know this, as I am an entrepreneur myself. However, why make an effort if, even though it may have a direct impact, there is no medi-

um or long-term perspective? We are adopting a procurement policy, but it doesn't fit into a consolidation approach like the one being developed in Germany or France. What will happen if the government changes?

I've asked the same question several times, but what I understand is that this is really a procurement policy, not a policy for industrial prosperity. Is that correct?

Emilio Franco: This is a buy Canadian policy. It's a procurement policy that extends to grants and contributions. However, this is just one of the government's policies. There are a number of them, as I explained. There's the defence industrial strategy, for example, and a broader strategy was announced in the economic update, which addresses all the—

Marie-Hélène Gaudreau: It's quite the mammoth. Not long ago, I put the question to the people from Shared Services Canada, among others, and I talked about the emergence of information technology companies. We're seeing it now: Countries have decided to take the bull by the horns. From what we're hearing now, it's more the Premier of Quebec who is forming alliances, particularly with France, for the alternative development of the digital ecosystem.

The only thing I managed to get was the cost of the procurement process to move away from Microsoft, among other things. When I ask if IBM is a Canadian company, I'm told that it is. We'll have to go back to the basic definition and its purpose. That's not reassuring. They say it's a policy, but we need to see the big picture.

My basic question is this: Who is responsible for providing a long-term vision, rather than a vision designed to secure re-election? Who is responsible for that in this mammoth government apparatus?

Emilio Franco: That's a rather interesting question. You're talking about information technology. In the context of procurement, there's the buyer and there's the procurement officer. PSPC is the procurement officer. It will apply the policy in the context of procurement. However, the buyer will define the requirements. If the buyer defines the requirements in such a way that we'll target a large multinational supplier instead, the procurement process will run its course and the result will be the result. However, if the buyer defines their requirements in such a way that Canadian suppliers in a regional context are in the best position to meet them—perhaps by breaking the project down into smaller parts—the vision you are talking about has a better chance of success.

PSPC has the procurement officers. As for us at the Treasury Board Secretariat, our role is to work with managers within the government to guide them in defining their needs so that procurement processes favour Canadian suppliers.

Marie-Hélène Gaudreau: Thank you very much.

[English]

The Chair: Thanks.

Mr. Patzer, go ahead.

Jeremy Patzer: Thank you very much.

At the start of the meeting, you referenced that you have given guidance to the departments. I'm wondering, can you table that guidance with the committee?

Martin Krumins: Yes.

Jeremy Patzer: Thank you.

There have been some updates to the policy. You were talking about how you're getting provinces and territories on board with the buy Canadian policy. Has everybody agreed to a 25% Canadian content policy directive? Is that 25% agreed upon among federal, provincial and municipal governments?

Martin Krumins: As it applies to grants and contributions, we do not have that type of requirement. We do not put those definitions into our guidance. We allow each department to work with the recipients, and their provincial counterparts, to determine what might be appropriate for buy Canada.

• (1710)

Jeremy Patzer: Let's say that a province came up with a 50% threshold. Whose threshold supersedes the other, that of the province or of the feds?

Martin Krumins: It would really depend on the objectives of that program. However, in the relationships and the projects that we're taking collaboratively with the provincial counterparts, we would consider the provincial regime acceptable as long as it's reasonable and considered balanced with what we're trying to achieve.

Jeremy Patzer: All right.

The Department of Agriculture, in an internal memo, said it would comply only if it did not cost extra time or money and it was in the public interest. Given that you guys are the support, extending the policy to all the various departments, what are your thoughts on how the Department of Agriculture views this? It sounds as if it's optional to them, and they'll do it only if it makes sense.

Martin Krumins: With respect to the Department of Agriculture's memo, we've worked with them since about December to make sure that they're applying the guidance that we've prescribed. I don't know, with respect to those requirements, if that's on the procurement side or on the grants and contributions side. However, with respect to the grants and contributions side, the cost and value for money are factors in assessing how far to apply the buy Canadian policy, so they need to consider cost factors as they apply to their projects.

Emilio Franco: I will add this very quickly: The exceptions you highlighted are the exceptions that are ingrained in the PSPC policy itself. The best value, public interest, no capacity, undue delay—these are all prescribed exceptions that exist in PSPC's policy. Their application, of course, is subject to the minister in the policy. Without having the specific memo in front of me, I would expect that agriculture was simply speaking to the existing exceptions that are outlined under the policy.

Jeremy Patzer: When you say “subject to the minister”, which minister do you mean?

Emilio Franco: The PSPC's policy speaks to which minister has to approve those exceptions. In the case of a procurement that's within a department's jurisdiction, it's that department's minister. If it's a procurement that comes to PSPC, it's both the minister of that department and the minister of PSPC.

Jeremy Patzer: Does the minister responsible for PSPC have a veto over other ministers if they decide that they don't agree?

Emilio Franco: I expect we would have a discussion and sort that out.

Jeremy Patzer: Okay. If that happens, maybe we'll find out.

What enforcement mechanism does Treasury Board have for the buy Canadian policy? We've been hearing a lot about self-reporting. The requirements feel kind of loosey-goosey, so what enforcement metric do you have to make sure that this 25%, or whatever metric is agreed to, isn't abused?

Martin Krumins: We will be using the annual risk and compliance process. It requires departmental deputy heads to provide attestations on where they are on the compliance. We will be monitoring and checking through a formula-based approach. We're going to look at what they said in their assessment and compare it to actual results in the fall.

Jeremy Patzer: Is it all retroactive, then?

Martin Krumins: I apologize, but I don't understand.

Jeremy Patzer: I'm Canadian, and I get the contract. You find out later that I'm not Canadian. That's retroactive.

Martin Krumins: Yes. There is a component of recipient audit as well. Maybe, Michelle, you can speak a bit about the recipient audit process.

Michelle Kealey: The departments are responsible for doing risk-based recipient audits. The expectation is that they would include some buy Canadian-related projects to ensure they are meeting the expectations of the funding agreement.

Jeremy Patzer: Does every department have extra budget capacity to do these audits?

Michelle Kealey: Do they have extra budget capacity? They would be expected to work within their existing resource levels for departmental audits.

Jeremy Patzer: Do they have the specific resources to do it?

Martin Krumins: In that case, each department has an internal audit shop and a chief financial officer who is able to exercise those requirements.

Jeremy Patzer: Thank you.

The Chair: Thanks very much.

Is it the deputy minister or the CFO who is overseeing those audits, though? I thought it was the deputy minister.

Martin Krumins: Ultimately, the deputy minister is responsible for the management of the department, but the chief financial officer executes those recipient audits on his behalf.

The Chair: We'll finish with Mr. Osborne.

Welcome back, Mr. Osborne.

Tom Osborne (Cape Spear, Lib.): It's always a pleasure to be at OGGO.

I know you've touched on it, but I wonder if you can elaborate on the role of Treasury Board versus the role of departments in putting in place these policies.

• (1715)

Emilio Franco: As we highlighted in our opening remarks and as PSPC mentioned earlier, the buy Canadian policy is a PSPC policy, a Public Service Procurement Canada policy, and Treasury Board Secretariat's role is complementary to that. We've been working with PSPC to support implementation across government in extending it to grants and contributions, providing strategic direction and aligning it with our own policy instruments. Treasury Board's directive on the management of procurement—our procurement policy—was amended December 16 to reflect the importance of incorporating economic interests into procurement.

We also had an important role in extending the buy Canadian policy to Crown corporations. The buy Canadian policy is unique, in that it is the first procurement policy of the government that actually extends all the way down to Crown corporations. That required some work, because our policy doesn't apply to Crown corporations, so we had to issue orders in council to the respective responsible departmental portfolio ministers to require the extension of the buy Canadian policy to Crown corporations. That was a role we played in coordinating that function.

As well, we receive Treasury Board submissions, whether in procurement or in grants and contributions. As part of the process, we consider the application of buy Canadian to those submissions when we provide our advice to Treasury Board.

Tom Osborne: Thank you.

Under what you've just outlined, can you talk about how you will inform key design components when it comes to the advice and guidance that you provide to departments and Crown corporations?

Emilio Franco: When it comes to departments, typically the Treasury Board plays a role in only the highest and most complex procurements. I'll let my colleagues speak to grants and contributions in a moment.

On those procurements that come in, we will ask the questions of how buy Canadian is applied, what the benefits are to the Canadian economy and if there are any Canadian employments resulting from this procurement. We will ask those questions as part of our challenge function to make sure that departments have considered not just the application of buy Canadian but also, in the story, what benefits result from the application of buy Canadian policy in the context of this specific procurement.

In terms of our guidance in advance of anything coming to Treasury Board, we work with departments, and we'll be providing advice to them on how to consider and think about Canadian influence to define requirements in a manner that supports Canadian interests. I gave an example to the member earlier, but another example is this: When you're designing a building, procurement will pro-

cure whatever the architect says that you need to build. However, if you ask the architect, "Can you architect this building in a way that will use Canadian steel, in a way that will use Canadian lumber?", all of a sudden, not only is the procurement run with buy Canadian as an outcome, but from the very beginning—from the design—we'll support a higher likelihood of Canadian inputs into it. If that thought weren't there at the beginning, it likely wouldn't result in the same kind of outcome.

Part of our role will be working with managers across government to help them understand how to think early on about how to incorporate "Canadian" into the design.

I don't know if my colleague wants to speak to the G and C side.

Martin Krumins: Go ahead, Michelle.

Michelle Kealey: In the context of new programming for grants and contributions, they would come to Treasury Board for approval. Owning the policy on transfer payments, we would review the submission and specifically the terms and conditions.

In a case in which they touched on part of the five strategic industries, a natural question that we would ask our departmental colleagues is, have you considered buy Canadian? This is an iterative process that they would include in most circumstances. I indicated before that it could be specific eligibility criteria identified in the terms and conditions, or they could decide that they would simply identify specific provisions that would play out through the funding agreements.

Tom Osborne: You touched on my next question, but can you outline what the framework and supporting instruments will look like when it comes to departments in terms of grants and contributions and whether there is that difference from the framework and supporting instruments for Crown corporations?

The Chair: I'm afraid that's our time, but we're going to add one more three-minute round for each and then a two-minute round for the Bloc.

Perhaps you can get the answer in that time, Mr. Osborne.

Tom Osborne: Yes.

The Chair: We'll go to you, Madame Gaudreau, for two minutes, and then to Mrs. Jansen and back to the Liberals.

• (1720)

[Translation]

Marie-Hélène Gaudreau: Thank you.

What will the accountability process be to enable parliamentarians, through entrepreneurs, to ensure that no small or medium-sized business is overlooked or deemed ineligible? Can you guarantee that you will keep us well informed?

I get the impression that this is a work in progress. The first phase has been completed since December. Can we have a guarantee that we'll be kept informed, so that we know whether the policy is beneficial to all small and medium-sized businesses?

[English]

Martin Krumins: I would say that's a very good consideration.

With respect to the grants and contributions, I can say that the policy application is not meant to be exclusionary. That means we want to be inclusive of those small and medium-sized enterprises, and we can see that by the diversity of the programming. When departments have programs that are targeting those more specific niche areas in which small and medium-sized enterprises are operating, they are encouraged to take that into consideration as they apply the buy Canadian policy. That's very much on their minds.

[Translation]

Marie-Hélène Gaudreau: Thank you very much, Mr. Chair.

[English]

The Chair: Thanks.

We'll go to Mrs. Jansen for three minutes.

Tamara Jansen: Is there a single government-wide definition of "buy Canadian"?

Martin Krumins: For grants and contributions, we're leveraging the work that has been done by PSPC.

Tamara Jansen: There's no single government-wide definition, then. Okay. I guess I can't ask my next one.

Are there federal Crown corporations that are currently exempt from the buy Canadian policy?

Emilio Franco: First, there is a definition of "Canadian supplier". It's ingrained in the buy Canadian policy, and that is consistently—

Tamara Jansen: That was a yes, then, to that other question.

Emilio Franco: Yes.

There are 35 Crown corporations that we can direct, and they have been directed by order in council. There are nine Crown corporations that are not subject to the government's power to direct, but those Crown corporations were provided letters of expectation highlighting the expectation that they follow buy Canadian.

Tamara Jansen: Does the buy Canadian policy apply to procurement conducted outside Canada by federal organizations, or is foreign-based procurement excluded as an exception?

Emilio Franco: I believe that is one of the exceptions under the PSPC policy, but the specifics of that would be in their policy.

Tamara Jansen: Have any federal entities formally requested exemption?

Emilio Franco: Treasury Board is not privy to that exception process.

Tamara Jansen: You don't know how many exemptions have been granted so far.

Emilio Franco: The PSPC would be best placed to answer that question.

Tamara Jansen: Are exemptions publicly reported?

Emilio Franco: I do not believe so, no.

Tamara Jansen: You mentioned that this policy extends to grants, contributions, loans, infrastructure spending and Crown corps.

Has Treasury Board fully implemented those requirements government-wide?

Martin Krumins: We have communicated those requirements government-wide.

Tamara Jansen: Okay. If not, which funding streams are still excluded?

Martin Krumins: None of those funding streams is specifically excluded.

Tamara Jansen: Has the directive on transfer payments been amended to reflect buy Canadian requirements?

Martin Krumins: The policy as written did not require an amendment. It fully incorporates and is able to accommodate the buy Canadian policy.

Tamara Jansen: Okay. Are departments currently operating under interim guidance?

Martin Krumins: Yes. We have issued guidance to all departments and agencies from TBS in order to implement that in their programs.

Tamara Jansen: Has Treasury Board identified areas in which the policy cannot realistically be enforced?

Martin Krumins: It's the requirement of responsible ministers to make that identification.

Tamara Jansen: Are there programs for which buy Canadian is voluntary rather than mandatory?

Martin Krumins: That would be up to departments to assess. When they are not applying it, I think they are still encouraging it.

Tamara Jansen: When will departments be fully compliant?

Martin Krumins: Do you mean with grants and contributions specifically?

Tamara Jansen: Sure.

Martin Krumins: With respect to grants and contributions, all departments have so far complied with the requirements to assess their programs by February 16 of this year.

Tamara Jansen: When will all Crown corps be fully compliant?

Martin Krumins: I don't have the information on Crown corps. I don't know if my colleague does.

Emilio Franco: Crown corporations were directed on January 9 to comply with the policy, and we have no indication that they have not. They are required to report annually in their corporate plans, so that may be an indication.

The Chair: You have one more question.

Tamara Jansen: Okay.

If a supplier believes a competitor falsely claimed Canadian content, is there a formal challenge process?

Emilio Franco: There are existing formal challenge processes within federal procurement that they can leverage.

Tamara Jansen: Will audit findings be made public?

Emilio Franco: Audits that are conducted as part of an internal audit are made public on departmental websites.

• (1725)

The Chair: Thank you.

We have Ms. Rochefort, please.

Pauline Rochefort: Thank you very much.

Ms. Kealey, my colleague was going to ask you a question about the framework, the instruments that will be supporting your rollout of the policies. Will they be the same for departments and Crown corporations, or will there be some differences?

Michelle Kealey: With respect to departments, the guidance framework that was issued was drafted by Treasury Board. This applies to all departmental grants and contributions. As I indicated before, there are roughly 700 programs. To date, according to the assessment, departments have indicated that buy Canadian can apply to over 400 of them.

I can't speak to Crown corporations, but I understand there was alignment.

Pauline Rochefort: There was alignment.

In general, as you work with provinces, municipalities and indigenous communities, do you expect that with the collaborative approach you've described to some extent, there will be opportunities to strengthen the policy moving forward?

Michelle Kealey: Yes. As part of the implementation, we intend to continue to collaborate with our departmental colleagues. They are, as per the policy, the ones responsible for delivering their programs, so they would be engaging with provinces, territories and indigenous communities themselves, but the expectation is that TBS would take lessons learned through implementation and share them across the community.

Pauline Rochefort: I think that's probably my time. Thank you very much for the opportunity for the additional questions.

The Chair: Thanks very much.

I have a quick question. I apologize that I wasn't paying as much attention....

Are there some Crown corporations that are not subject to...?

Emilio Franco: Yes. I'm not—

The Chair: We're short on time. Would you be able to provide that to us?

Emilio Franco: Yes, absolutely.

The Chair: That's wonderful.

Thank you very much for being with us again today. We appreciate all the answers, and we'll see you again. We are dismissing you.

Colleagues, before we go, the budget for this study came out and was sent to everyone. Can I have approval for it?

Some hon. members: Agreed.

The Chair: That's wonderful.

Our first report stage of the CER report is this Thursday in the second hour. We'll go in camera for that. I suggest that you put in your recommendations to the analysts by noon this Friday, in both languages. Then they'll start the process of taking a look at any overlapping ones. Please do that by noon.

Thursday, after the PBO, we are going to be voting on the main estimates. That should take about 30 seconds, but this is just a heads-up.

There is one last issue with our schedule. As part of this study and part of the motion we agreed on, we invited Minister Lightbound. Unfortunately—and it's becoming a habit—he has declined to attend. Ms. Sudds, who is with us often, is the parliamentary secretary, so I'm going to suggest that perhaps Mr. Danko can talk to Ms. Sudds, and we can try again to have a commitment from the minister to attend on this important issue—maybe not on the 9th, but at a later date.

Go ahead, Mrs. Block.

Kelly Block: Can I speak to that really briefly?

The Chair: Briefly, yes.

Kelly Block: When we decided to undertake this study, it was unanimously supported by all members. Obviously, that's what unanimous support means, but there was no hesitation when the plan included bringing the minister at the end of the study so that we would have an opportunity to ask him some questions about this policy. I'm very disappointed and concerned that Minister Lightbound is once again refusing to appear before a committee on something that clearly falls within his portfolio. I want to put that on the record.

As you noted, it's becoming a habit when he decides he is not going to come because he doesn't have to. It's incumbent on ministers to come and defend their budgets and their policies. This is a huge one, and it's extremely important. I've been hearing from stakeholders and folks in industry that it's not as cut and dried as it first appears, that there are issues with government procurement under this policy, or even understanding it, so it would be good for the minister to come.

I would appeal to my colleagues across the way to have another conversation with the minister to see if they could change his mind.

• (1730)

The Chair: It's a large platform. I understand, from Mr. Danko's nodding, that we will make an attempt.

John-Paul Danko: Can I briefly...?

The Chair: Go ahead, sir.

John-Paul Danko: I appreciate the attention to this issue. I totally agree: It's an important issue that Canadians are very much seized with at the moment.

I think we have three meetings scheduled, at the end of June, on this specific study. From our perspective, we're really interested in hearing from the expert witnesses, the people in the industry, to provide their feedback.

However, I'll certainly take back the committee's request to the ministry and provide you with a further answer.

Thank you.

The Chair: Perhaps, after we've had more witnesses and some more testimony, there will be, in the minister's mind, a more appropriate time.

Jeremy Patzer: Mr. Chair, can I just briefly...?

The Chair: Yes, go ahead—briefly.

Jeremy Patzer: I think the motion said that there would be no fewer than three meetings. There's room for us to add a fourth meeting to make sure we can accommodate the minister's coming, so we can make sure we can get him here.

The Chair: We're always very flexible about a minister's time, regardless of who the minister is.

If there's nothing else, we will adjourn. We'll see everyone on Thursday. Thank you very much.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :
<https://www.noscommunes.ca>