HOUSE OF COMMONS
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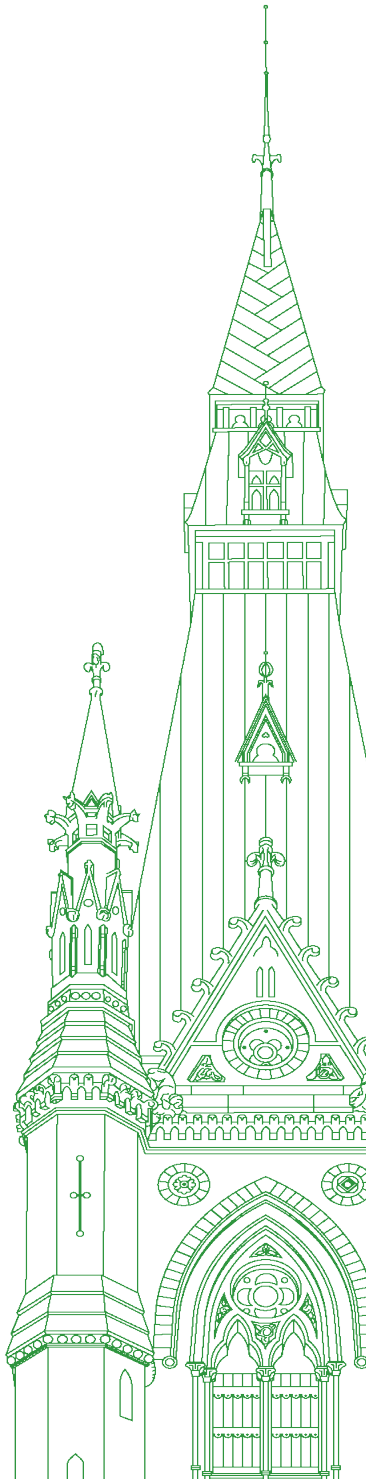
45th PARLIAMENT, 1st SESSION

Standing Committee on Government Operations and Estimates

EVIDENCE

NUMBER 056

Thursday, October 29, 2026



Chair: Kelly McCauley

Standing Committee on Government Operations and Estimates

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● (1530)

[*English*]

The Chair (Kelly McCauley (Edmonton West, CPC)): Everyone, we are back and in meeting number 56 of the House of Commons Standing Committee on Government Operations and Estimates—of course, the mighty OGGO.

Colleagues, as a reminder, don't touch your mics. Keep your earpieces away from your mics. Also, please, for all of us, do not speak too fast, so we can ensure that we get proper interpretation.

Today, we welcome back a very good friend of the committee: Mr. Jeglic, our procurement ombudsman.

Welcome back, sir. The floor is yours. Please go ahead.

Alexander Jeglic (Procurement Ombud, Office of the Procurement Ombud): Thank you, Mr. Chair.

I'd like to begin by acknowledging that we're gathered on the traditional unceded territory of the Algonquin Anishinabe people.

My office recently began a knowledge deepening and study of this framework, the buy Canadian framework, which we expect to complete in the spring of 2027. Currently, our work is still in its early stages, but I welcome this opportunity to engage with the committee and share some preliminary perspectives. I would also welcome the opportunity to return to the committee once our study is complete to discuss our findings in greater depth.

The buy Canadian measures introduced last year are intended to create more opportunities for Canadian suppliers, strengthen domestic supply chains and support Canada's economic resilience.

[*Translation*]

These are important objectives and federal procurement can be a powerful tool in supporting them. The government is a significant purchaser and its procurement decisions can help create opportunities for Canadian businesses and contribute to a stronger domestic economy.

[*English*]

Buy Canadian introduces additional considerations into an already complex procurement system. It creates responsibilities for both buyers and suppliers. Procurement officials need to understand and apply the new requirements alongside existing policies, rules and trade agreement obligations. Suppliers need to understand how the requirements affect their ability and competitiveness, and some may need to consider adjustments to their sourcing arrangements or supply chains. As we move forward, it will be important to identify opportunities to simplify other aspects of procurement, making it easier for both buyers and suppliers to navigate the system.

Since January 2026, my office has received more than a dozen cases raising issues related to buy Canadian. These cases are not in and of themselves a measure of the policy's success or failure. They do, however, offer early insights into the questions and concerns that suppliers and procurement officials are navigating.

Three themes have emerged.

The first is the definition of “Canadian supplier” and its implications for competition. We are hearing questions about whether foreign-owned multinationals operating in Canada should receive the same preferences as Canadian small and medium-sized businesses, concerns about foreign procurement vehicles and questions about where federal procurement dollars ultimately flow.

The second theme is transparency. Suppliers are looking for clear explanations of evaluation results and confidence that bidders are assessed consistently. Clear requirements, transparent evaluation processes and meaningful explanations of procurement decisions can help build trust and encourage supplier participation.

The third theme is complexity and implementation. We have heard from procurement officials who are working to reconcile buy Canadian requirements with trade agreement obligations, as well as questions about access to tools, training, policy support and expertise, which is particularly true for regional buyers.

● (1535)

[*Translation*]

These early observations reinforce the value of supporting procurement officials and suppliers as they adapt to the framework.

[*English*]

Effective oversight will be an important part of successful implementation. We want to ensure that questions and concerns can be raised, assessed and addressed in a timely way. Identifying issues early creates opportunities to clarify expectations, share lessons and improve practices as the framework evolves.

My office can contribute within our existing mandate. Depending on the circumstances and applicable requirements, we may review supplier complaints regarding the administration of a contract, undertake a procurement practice review of systemic issues when there are reasonable grounds to do so or help resolve contractual disputes through mediation or mediation-arbitration.

Another important question is how we will know whether buy Canadian is achieving its objectives. Assessing success requires reliable data. We need to understand who is benefiting, whether Canadian suppliers are gaining meaningful opportunities, how competition is changing and whether the policy is contributing to stronger domestic supply chains.

In my office's 2025 report, “Time for Solutions: Top 5 Foundational Changes Needed in Federal Procurement”, we identified government-wide procurement data as one of the five foundational changes needed to improve the system.

[*Translation*]

Reliable, consistent and connected data can help the government assess results, identify areas for improvement and make informed decisions as the policy evolves. Establishing a sound baseline and the ability to track outcomes across government will be particularly important.

[*English*]

There are also opportunities to make better use of existing and emerging tools. A government-wide vendor performance management system, for example, could help monitor contractual commitments, including buy Canadian requirements and indigenous contributions, if appropriately designed. This could strengthen accountability, support compliance and provide valuable information for continuous improvement.

My office's work on foundational procurement reform identified the value of establishing a chief procurement officer accountable for the federal procurement function. Given the number of organizations involved in federal procurement, strong, central leadership could help promote consistent interpretation, coordinate implementation and support the sharing of good practices across government. It should be noted that this is the first government-wide procurement policy I'm aware of that also applies to Crown corporations. This is a significant and important change.

Training and practical guidance are also essential. Procurement officials need tools, expertise and support to apply new requirements confidently and consistently. Investing in training and change management can help ensure that the policy is implemented effectively, while reducing uncertainty for both government and industry. Together, these elements—reliable data, effective oversight, coordinated leadership and practical support—can help create the conditions for buy Canada to achieve its intended objectives.

[*Translation*]

Buy Canadian presents an important opportunity to support Canadian businesses, strengthen domestic supply chains and contribute to Canada's economic resilience.

[*English*]

I'm happy to respond to your questions now.

Thank you.

The Chair: Thank you, Mr. Jeglic.

We will start with Mr. Bragdon for six minutes.

Richard Bragdon (Tobique—Mactaquac, CPC): Thank you, Mr. Chair.

Thank you, Mr. Jeglic, for being here with us today.

I'd like to start by saying this: Under the current government rules, a company can qualify as Canadian by having a permanent place of business here, even if it is owned by a foreign company.

Does that definition meet the government's promise to support Canadian businesses and workers? Doesn't it just allow foreign companies to benefit from a policy meant to prioritize Canadians?

Alexander Jeglic: Thank you.

While it's a great question, I can't—as you can imagine—comment on the policy considerations underpinning why the Canadian definition was constructed the way it was.

What I can offer, perhaps, is a bit of perspective.

I know this committee has been hearing about buy Canadian for some time now. It's important to understand the full context within which this policy was implemented. There is a framework of international trade obligations that have existed for some time, and Canada is a signatory to many. Within that framework, there are the concepts of non-discrimination, national treatment and other important rules that we have always held true as Canadians. We have also followed suit with allies who have created Canadian preferences within their procurement rules.

We are now following a different set of rules, and these rules are emboldened by the policy. The definitions applied in the policy are dancing the delicate dance of remaining compliant with our free trade obligations while addressing what is a changing current within the international environment: creating domestic preferences for nationalistic purposes.

While this does not directly respond to your question on whether, in fact, the definition meets the needs, I wanted to contextualize why the definition is, perhaps, broader than one would hope.

● (1540)

Richard Bragdon: Thank you.

I'll get into a more specific example to get your context on this.

The CRA awarded an approximately $11.9-million security contract to the Universal Protection Service of Canada Corporation, a Canadian subsidiary owned by U.S.-based Allied Universal. Allied Universal is the parent company, and it has had business dealings with U.S. Immigration and Customs Enforcement, otherwise known as ICE.

The government promised that the buy Canadian policy would put Canadian businesses first, but if a foreign-owned company can qualify simply by having a business presence in Canada, what is the policy actually changing?

Alexander Jeglic: My intention, is not to deflect questions, and I have always been as forthright as possible. I'm not a defender of the policy.

However, I can explain that other attributes must be met in the definition of a Canadian supplier. Certainly, I can go over some of the criteria: having a place of business in Canada, being registered and filing taxes in Canada, maintaining a registered address in Canada, employing personnel, conducting day-to-day business and not subcontracting the majority of the work. I know the committee is well aware of this.

I'm also aware of the circumstance you presented. I read the same report and found it troubling. At the same time, I understand that this doesn't necessarily mean the rules were misapplied.

Richard Bragdon: Thank you.

To dig a bit deeper, it indicates that Allied Universal's bid was only about 1% lower than that of the Commissionaires, an organization with a long history of employing Canadian veterans. Shouldn't the government be a whole lot more transparent about why it chose a foreign-owned company over an organization that employs our veterans, particularly when the difference in cost is so small?

This would definitely invite more transparency and more rationale to be placed there. Would you not agree?

Alexander Jeglic: I'm always an advocate for transparency. You'll never hear me say that more transparency is a bad thing.

I don't want to suggest that any rules weren't followed. As I said, I have not done a review of this specific circumstance, but I agree that transparency is always a good thing.

Richard Bragdon: Another example is reports indicating that Mohammad Reza Ghafouri Fard, the son of a former vice-president of Iran, is connected to the Melanite Group Ltd. as a director and has received federal contracts, including from national defence.

Reportedly, he was investigated by CSIS over alleged links to procurement benefiting the IRGC. Given that a company can qualify as Canadian under the current policy without being Canadian-owned, would a company like this particular group, Melanite Group Ltd., qualify under the buy Canadian policy assuming that it met the other eligibility requirements?

Alexander Jeglic: There's a lot to unpack in the facts. I don't want to deliberate live, but I could suggest that this is exactly what PSPC must do when determining whether the individual named in a proposal is a Canadian supplier.

There is additional work to be done on the transparency side. What considerations will one use to look at those criteria? I would encourage you to ask PSPC that same question to better understand what aspects of the criteria they're looking at.

Richard Bragdon: Okay.

I'll conclude with this. You can answer in writing afterwards. When a foreign-owned company can qualify as Canadian, the government cannot clearly show where taxpayer money is going and there is limited transparency around whether these companies are meeting the rules. How can Canadians know that the buy Canadian policy is actually delivering on its promise to put Canadian businesses and workers first?

I don't know how many seconds he has left, Chair.

● (1545)

Alexander Jeglic: Mr. Chair, I can answer this one quickly.

You used the word that's key: “data”. We need to see the data around each aspect of the policy, which is a suite of policies, and understand exactly where the money is flowing. Once we see that data, we can assess exactly what components of the policy are working and perhaps which ones need to be looked at for change.

The Chair: That's wonderful. Thank you.

Ms. Rochefort is next.

[*Translation*]

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

[*English*]

Mr. Jeglic, it's a pleasure to see you again.

I have a two-part question.

I would like more clarity, but I would first like to congratulate you for the work you're going to do. It is an important policy for Canada, and bringing clarity to definitions and objectives is a very worthwhile initiative. Thank you for that.

For me, it's about understanding when we say “Canadian”. What makes a company Canadian for federal procurement? I guess there are different terms. We talk about Canadian suppliers, a Canadian business or a Canadian-owned company. How are these terms interpreted? Are they interpreted differently by departments? Can you comment on that?

Alexander Jeglic: It's a good question.

This policy is very broad in scope in terms of application, so the term “Canadian supplier” is in fact defined. In my previous answer, I went over some of the parameters, but I'm happy to say them into the record. It must have a “place of business in Canada where it conducts activities on a permanent basis”. It has to be registered and file taxes in Canada. It must maintain a registered address in Canada and employ personnel and/or conduct day-to-day business activities in Canada. Also, it “will not subcontract work to non-Canadian suppliers or individuals located outside of Canada, in a manner that results in minimal value-added”.

I can extrapolate a bit further. That is how it's defined in the policy. As you heard in my opening remarks, there has been some concern raised with our office about how narrow or broad that definition is. As you can imagine, there are some who are unhappy to find the definition so broad that it allows foreign-owned companies to be considered Canadian, but I think the department is open to hearing advice, criticism and feedback. I will say that in preparing for this appearance, I noted many examples of the department's looking for information and feedback.

Certainly, we will be providing feedback to the department based not only on our report but also on any earlier observations that we see, in line with my comments today.

Pauline Rochefort: Can we speak briefly about foreign-owned companies that qualify as Canadian? If they do, what Canadian operations must they demonstrate? Does Canadian ownership or control receive any specific or separate consideration in certain cases?

Alexander Jeglic: I can't speak to exactly how PSPC will interpret specific attributes of the definition. It's within their purview, and they haven't specifically identified exactly what considerations they're looking for in each of those prongs. I would say that foreign ownership alone doesn't invalidate the possibility that a business could be determined to be Canadian. This is the starting point.

Going back to my original contextualization of the interplay between our worldwide obligations on free trade agreements and a domestic policy that creates a preference for Canadian suppliers, I think a definition was created to try to achieve multiple goals simultaneously. As we have a better understanding of Canadian capacity and capability, that will also be incredibly important. As you can imagine, if the definition was too narrow and we would have to trigger an exception every time because the procurement would lead to no viable bidders, then you would have an exception as the norm.

I think the intention behind the broader definition was a characterization of an understanding of the supply chain as it stands now and an attempt to comply with the international framework of rules to which Canada is a party.

Pauline Rochefort: That's well said.

Can you comment further on subsidiaries, joint ventures and subcontractors? How are they assessed in the procurement policy?

● (1550)

Alexander Jeglic: I'll start with the prime and the subcontractor relationship.

As you heard, the last prong of the analysis was that if the prime contractor subcontracts the bulk of the work outside Canada, then the prime will no longer be considered a Canadian supplier. However, the assessment isn't of each individual subcontractor. It would be of all the subcontracting activity. If it amounts to a sufficient analysis that it is no longer doing the work within Canada, then I think it would probably fail the test of being a Canadian supplier, if that makes sense.

Pauline Rochefort: Yes, that makes sense.

What happens if a company's circumstances change after winning a contract?

Alexander Jeglic: That is also something the department is actively monitoring. They have issued a compliance regime as to how and when all of these circumstances will be tested. The integrity of meeting the definition doesn't amount to a one-time check. It's multiple checks.

The compliance framework is still being modified as we speak, so I don't think there's an official landing spot for exactly how compliance will be implemented, but I do know that it's going to be risk-based. It's not a one-time check. It's not just on contract award or prior to contract award. It will also be during contract performance. If, for example, the supplier loses the attributes that made it Canadian, then it could also lose the contract. The contract could be terminated in those circumstances.

Pauline Rochefort: To conclude, it is good to hear that the department is looking at various scenarios and situations, adjusting as it proceeds. I'm not sure if that's the proper term, but it's taking into consideration all of these various elements.

Alexander Jeglic: Absolutely, and I would say—

The Chair: Provide a brief response, if you're able to.

Alexander Jeglic: It is important that the department continues with the transparency to unlock what it will be looking at specifically, to help companies understand whether they are Canadian. The prongs of the test are relatively straightforward, but what exactly the department will be looking at would be helpful to know as well.

The Chair: Madame Gaudreau, go ahead.

[*Translation*]

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

It's always a pleasure and an honour to hear from you, Mr. Jeglic.

My colleagues have answered a number of my questions, but I still have some left.

If I understand correctly, your mandate does not apply to Crown corporations. You're familiar with Bill C-40. I spoke about this in the House this week. We had the pleasure of meeting with the managers of the Defence Investment Agency. Now, the government wants to transform the agency into a Crown corporation that would have more autonomy to negotiate and manage contracts. We aren't talking about a few dollars, but thousands, millions, billions of dollars.

Does that mean that a significant portion of defence procurement could escape your oversight?

Alexander Jeglic: That's a really important question, and I'll try to answer it as sincerely as possible.

I think Crown corporations play a really important role in the federal government. However, there are many changes that are currently affecting Crown corporations. For example, in a few months, we're going to see changes that could apply to procurement rules and lead to profound changes for Crown corporations.

That means I'm not sure whether my mandate will change. Maybe this will provide an opportunity to see whether there are any rules that can apply to everyone at the same time. Perhaps we could then have the necessary jurisdiction. In the past, each Crown corporation had its own rules. That made it impossible for us to carry out reviews based on rules that we had to look up each time. If things change and everyone is subject to the same rules, that could give me more powers, provided the rules cover Crown corporations.

Regarding your question on defence specifically, yes, there's currently a possibility and a likelihood that a Crown corporation is going to be responsible for federal defence procurement. That's a big change. However, we need to think about transparency, because transparency is vital to giving Canadians a sense that procurement continues to be clear and fair.

● (1555)

Marie-Hélène Gaudreau: If I understand correctly, if the government wants to walk the talk, as we say back home, and it wants to have transparency and reassure people, the government should act like a responsible parent and diligently ensure that there is oversight and accountability.

Is that something that could be considered: expanding your mandate and going beyond what you have, including for Crown corporations?

Alexander Jeglic: I think it's appropriate to have this conversation, because I think it's clear that transparency is needed. We used to have powers regarding the Department of National Defence. However, I don't think changes to governance need to change the level of transparency required for defence procurement, so thank you very much for the question.

I, too, want to determine how to make sure that defence procurement is clear and fair, while avoiding the same problems as before. However, I want to clarify that our office and our mandate do not cause delays, because contracts have already been awarded by the time we carry out our reviews. It's just to reassure all participants that the process is clear and to give them a sense that they have been treated well.

Marie-Hélène Gaudreau: It's up to us as legislators to ensure that we have guardrails. We don't want the Defence Investment Agency, which is going to become a Crown corporation, to come in every quarter and show us…. I think that's perfectly reasonable.

Thank you very much, Mr. Chair. That answers my questions.

[*English*]

The Chair: Thank you very much.

We'll go now to Mrs. Cobena.

Sandra Cobena (Newmarket—Aurora, CPC): Thank you, Mr. Chair.

Thank you, Mr. Jeglic, for being here.

I want to take the opportunity to share a story from my riding. A small business was selling parts for military equipment into the U.S. Their business has essentially been wiped out because of the current conflict. Of course, this is the type of business that government policies should support, because at the end of the day, about 10 families now don't have a job. The policies don't currently support them.

On this basis, from your chair, do you think the $5-million threshold should be lower to support small businesses like this one?

Alexander Jeglic: Thank you.

As a backdrop, we can appreciate that the policy initially started with the $25-million threshold, which was certainly a high number, and then it was lowered to $5 million mid-year. What we saw was an acknowledgement that, in order to have a greater impact, the lower threshold was absolutely necessary.

Your question speaks to whether $5 million is the appropriate number to help small and medium-sized businesses like the one you described. I would suggest.... Again, I'm not trying to deflect questions or provide indirect answers, but I think those are policy questions that you should ask the department.

However, to answer from my mandate specifically, we deal with small and medium-sized businesses, and many aspects of our mandate touch those small and medium-sized businesses. We're particularly sympathetic to the plight of these businesses.

To be fair to the department, though, I will say that they are simultaneously implementing specific measures to help small and medium-sized businesses. One thing they should look at is whether lowering that threshold is appropriate. There are—

● (1600)

Sandra Cobena: If I may, you have the data. You have a broader view of how this threshold impacts businesses. From the data you're seeing, would you recommend that the $5-million threshold be lowered, or do you think this is the right threshold?

Alexander Jeglic: If you're asking me in my specific role, I can say this: I don't have the data, but it's something I'm always advocating for. I think the department will be putting out more data soon, and I have seen data that I can't verify because, as I mentioned, we have not completed a report on buy Canadian policies. That report will be finalized in the spring of 2027.

I don't want to mislead the committee and have you believe that I do have independently verified data. I can also tell you that, through our previous reports, we found data to be quite unreliable, so that's why I said what I said about data. In order to determine how the policy is working, the data is critical. My understanding is that the department will soon disclose an additional tranche of data that will help interpret how the policy is working.

There are multiple prongs of the policy as well. There's the component of determining whether in fact it's a Canadian supplier, which results in—

Sandra Cobena: I'm sorry. If I could stay on the threshold topic.... You don't have the data, but we are in a very dynamic environment in which information and data are critical, because businesses are shutting down and families are left without an income.

Can you explain, what's the delay with the data? Is there anything that the government can do to have the data available? It doesn't seem reasonable to say, “Well, it will be ready in the spring, and we will assess whether this is working at that time”, because as I just mentioned, there are families out of work.

Alexander Jeglic: Absolutely.

I'm not trying to deflect.... I want to provide you with a direct answer. However, you're asking me whether I believe that the $5-million threshold is appropriate based on my understanding of the data. When I said our report will be done in the spring of 2027, it's not to say that additional measures can't be taken by the department.

I want to distinguish that my office is independent. We review and oversee the procurement function, but we do not make policy decisions such as on the threshold. I would suggest—as someone who works extensively with small and medium-sized businesses—that I'm acutely aware of the suffering that may occur when outside actors such as other countries prevent their participation in procurement. However, I would say that I would encourage the same supplier to bring forward those concerns, because they're legitimate. I would say, put pressure on the—

Sandra Cobena: I appreciate—

The Chair: I'm sorry. That's the time.

Sandra Cobena: That's all. Okay.

Thank you.

The Chair: Ms. Fancy, go ahead.

Jessica Fancy (South Shore—St. Margarets, Lib.): Thank you very much.

Welcome here today, Mr. Jeglic.

I really appreciate the work you do.

I have a master's degree in evaluation criteria and assessment, so I'd say that these are the types of things we really need to get right.

In regard to your themes today, talking about having concrete definitions of who our suppliers are, the level of transparency and evaluation that you were discussing, as well as the complexity of processes and having government data.... I know my colleague just discussed why it's so important to have that data available to help further drive instruction. There's also a part to this in which partnerships, relationships and collaboration are really important in supporting Canadians. That's the theme I'm going with on this as well.

You have raised concerns in regard to whether Canadian manufacturers face barriers to federal contracts. My question is this: Would securing downstream investments from global suppliers be another way to open doors for these manufacturers or expand their productions in Canada and actually help support Canadian jobs?

Alexander Jeglic: I don't want to wade too heavily into the policy framework, but I certainly think there are multiple intentions behind the policy. It's not always clear that having a narrow definition of “Canadian” that will answer all of the problems.

There is the thought that the definition is broad enough to encourage foreign nationals to come and invest in Canada for the purposes of being eligible, which will certainly have impacts within Canada. You cannot discount the fact that this is one of the intentions behind the buy Canadian policy.

● (1605)

Jessica Fancy: Thank you very much for that.

In terms of our government's strategic partnership with places like General Dynamics Land Systems–Canada, which will support 6,000 jobs—from steelworkers at the Interpro in Regina to engineers at Thales Canada in Saint-Laurent, Quebec—does that demonstrate how working with global suppliers could also generate more business with Canadian manufacturers here in Canada and create more opportunities across the country?

Alexander Jeglic: I have to be careful not to wade into the policy dynamics of what we're seeing with buy Canadian, but certainly, the policy as currently written contemplates those dynamics and in some ways encourages them. This is in line with the intentionality that I see within the policy.

Jessica Fancy: I have one last question in regard to one of our contracts—the one we've just had at TKMS. It was announced as the preferred supplier for our Canadian patrol submarine project, which is the largest defence procurement project in Canadian history. It will benefit workers across the country, including at Magellan Aerospace in Manitoba. My colleague Dan Mazier is not here today, but that's in his home province.

How should the buy Canadian policy recognize the downstream investment that a project of this scale can bring to Canadian manufacturers and, more importantly, to the workers across the country?

Alexander Jeglic: It goes back to a previous answer about data. In order to quantify how big an impact that's having, it's important to understand what metrics you're measuring. You introduced your background; I think you can appreciate that it's important to look at multiple metrics. If we accept a broader definition of “Canadian supplier”, then I would suggest that it is also important to measure some of the downstream impacts.

That being said, I think anyone who works in measurement understands that those numbers are a little less concrete than others at times because there is a difficulty sometimes in measuring the impact. Nonetheless, that doesn't mean it shouldn't be measured.

Jessica Fancy: Thank you very much.

This is my last question. Please respond very quickly. I think I have less than a minute left. Can you speak to how important it is to also have fluidity when we're creating all of these co-created criteria? We have all the rules and all the definitions, but how important is it also to have a policy or some type of clause when you need fluidity in some of these contracts?

Alexander Jeglic: I will say that this policy was created very rapidly. The framework with which this was developed was one of the tightest time frames I've ever experienced, and I think there was a certain level of acknowledgement that it was the best that could be done in the time frame provided. I think there is certainly an openness to criticism and understanding what unintended consequences might be arising as a result of some of the decisions taken.

Nonetheless, I can certainly say that from my seat, one of the things we're hearing most about is the definition of the Canadian supplier. That has created flexibility, certainly. Then I think back to the point of using the data to assess if it's having the intended outcomes, and if the answer is yes, great. Keep it. If the answer is no, then look at how it can be modified.

The last thing I'll say is this: One thing I wish was a little more coordinated is the definition between jurisdictions. Within the federal environment, this applies very broadly, but then you also have provincial actors with preferences for Canadian suppliers, and those definitions don't mirror one another. There are similarities, but they're not mirrored. If you were a Canadian supplier in one jurisdiction, it would be quite difficult to understand how you would be non-Canadian in a provincial jurisdiction or vice versa.

I watched the testimony from the departmental officials, and I understand there was coordination. I understand the delineation between federal and provincial, but you have to put yourself in the supplier's shoes and always be mindful of the supplier's needs when drafting definitions and policies that would affect them in multiple jurisdictions within Canada.

● (1610)

The Chair: Thanks.

Go ahead, Madame Gaudreau.

[*Translation*]

Marie-Hélène Gaudreau: Thank you.

Mr. Jeglic, let us go quickly, because I have only two and a half minutes.

Another thing worries me. It's good to do things quickly. For example, the government was able to react quickly during the pandemic. However, there was unfortunately some collateral damage.

Can we have some basic safeguards to avoid any issues? Let me explain. Small and medium-sized businesses came to tell us how difficult it was to decide whether it was worth bidding. They often wonder what the criteria are, whether they're going to do all this work for nothing and how much it's going to cost them. I know that issue was raised during the first stage. This is like a second phase between now and the end of 2026.

Do you know whether the criteria have been adjusted, and does that give smaller businesses the opportunity to subscribe to the policy?

Alexander Jeglic: Thank you for the question.

I think the answer is that more needs to be done. I don't think enough has been done.

A lot of work is being done with small and medium-sized businesses. There was a service called Procurement Assistance Canada within Public Services and Procurement Canada. Its team did exceptional work with small and medium-sized businesses. It now has somewhat different responsibilities than it did before, but it has helped businesses navigate all the complexities of federal procurement.

I think it's currently really necessary to think about how the government can simplify the process while providing assistance. I don't think the best idea is an artificial intelligence chatbot. I don't know whether the committee has already received this information, but one of the main proposed changes to help businesses is to have an artificial intelligence chatbot that can answer their questions. However, I think that has to be done in addition to human support.

Marie-Hélène Gaudreau: That's fully understood, absolutely, because we want to support all businesses, not just the big ones.

Thank you very much, Mr. Chair.

[*English*]

The Chair: Thank you, Madame Gaudreau.

Mr. Lewis, welcome back. The floor is yours.

Chris Lewis (Essex, CPC): Thank you very much, Mr. Chair. It's an honour to be back here at OGGO this afternoon.

Thank you, sir, for your testimony.

I'm going to dive right into it. I'm going to make a couple of statements first. So that you're aware, my riding of Essex is next door to Windsor, where there is major mould manufacturing—tier two, tier three—and, of course, Stellantis. There are many manufactured vehicles that have come out of there. I see here, from a day or two ago, that there will be yet another week of shutdown at Stellantis, the week of November 9.

Sir, when I was reading the notes here, I saw five pages of procurement of vehicles from 2017 to 2025, of which only two were produced by Stellantis. They were Chrysler Pacificas, which are produced in Windsor. The remainder were not produced in Canada. Under these notes, I understand that 91% of the federal executive fleet and 96% of ministerial vehicles are manufactured outside Canada. That's important to note as people are facing a shutdown.

I have three questions, sir. I'm going to start with the 49,000 Chinese electric vehicles that the Prime Minister agreed to bring to Canadian streets just a little under a year ago. The first question is this: To your knowledge, has the federal government or your own office procured any Chinese-manufactured EVs for federal, executive or departmental fleets?

Alexander Jeglic: Thank you.

I can answer definitively, for my office, that we have not.

I cannot answer, more broadly, for the federal government.

Chris Lewis: Thank you, sir.

To your knowledge, does your office have any plans to procure Chinese EVs for fleet vehicles?

● (1615)

Alexander Jeglic: No, we do not.

Chris Lewis: You do not.

Then, how should or how can the definition of “Canadian supplier” be strengthened so that federal vehicle purchasing generates domestic demand from our auto assemblers, toolmakers and mouldmakers?

Alexander Jeglic: it's an important question to understand all the impacts of the changes to the definition. I've read into the record a few times the attributes that are currently being tested. As you rightly identify, if the definition is too broad, it perhaps loses its impact for your constituency. I would suggest that you understand what attributes of the definition need to be changed to better impact, in a positive way, your constituencies, as well as that you suggest those amendments to the department. I've noticed an openness from the department to looking at consequences.

When the data becomes available—and I would pressure the department to release data as quickly as possible—look at what attributes might be impacting your constituency and suggest amendments to the language. It might not be just the definition of “Canadian supplier”. There might be other attributes—the price discounting that's happening isn't sufficient or is too much. I think you should look at each one of the characteristics and assess how it could be leveraged differently to better assist your constituents.

Chris Lewis: Very well, sir.

Through you, Mr. Chair, that segues very nicely into another question—I never thought I'd get through so many, so this is perfect. What percentage of the broader military and non-executive federal fleets are currently sourced from foreign manufacturers?

Alexander Jeglic: Thank you, Mr. Chair.

Unfortunately, I don't have that data.

Chris Lewis: Thank you. I respect that. The reason I asked is that, if we're going to lose our automotive industry down in Windsor because of Chinese electric vehicles, then we'd have all the infrastructure to build military.

Finally, in your view, does a policy that permits nearly 95% of federal fleet contracts to go to foreign-assembled vehicles effectively prevent taxpayer dollars from being funnelled abroad?

Alexander Jeglic: Thank you, Mr. Chair.

Could you repeat the front end of your question? I want to make sure I properly understood.

Chris Lewis: Yes. Does a policy that permits nearly 95% of federal fleet contracts to go to foreign-assembled vehicles effectively prevent taxpayer dollars from being funnelled abroad?

Alexander Jeglic: I would strongly encourage you to look at what attributes of the policy that currently exist are not serving your constituents and suggest amendments to the policy.

Chris Lewis: Thank you, Mr. Chair.

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

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

This is a really important conversation for Canadians, within the current context of the trade war that was started against Canada, launched by the Trump administration in the United States. I think Canadians have been very clear about their expectation for the federal government to take a leadership role and to buy Canadian wherever possible, extending that to provinces, to municipalities and to private business as well, to voluntarily take that patriotic step to support Canadian businesses.

You made a few really important points in your testimony here this afternoon. First, you said that, if the definition of what is a Canadian supplier were too narrow, then we'd risk not having viable bidders. You also talked about having to work within the realities of the current supply chain—what is actually available that's Canadian, what's not—and you talked about the importance of international trade agreements. In the procurement bids that you've seen, that you've reviewed, how is that balanced within the provisions of the current policy?

Alexander Jeglic: Thank you.

I will clarify that I have not looked at any specific buy Canadian solicitations as part of my formal mandate. However, as I mentioned, we are doing a study—it's called a knowledge deepening and sharing study—to ensure a better understanding of how the policy works.

That being said, as someone who's worked in this space for almost 25 years, I can tell you that there's a delicate interplay of how the world used to work and how it works now, and the rules are constantly evolving. There have been changes to long-standing definitions in procurement: As an example, the national security exception was once more tightly defined, but now it's a much broader definition, so the interplay that you described is real. We're also adapting to the fact that our allies are creating these domestic preferences within their national procurement system. I think we are all watching one another to see what we do, and then we react accordingly.

That being said, we also have to understand the impacts of each of the decisions. That's assessing the data and saying, “Are the intended benefits accruing to those we want to accrue benefits to?” We're approaching the one-year mark of the policy and the six-month mark of the lower threshold of $5 million. We're starting to have the transactional volume to make these assessments and to start looking at, “Is it doing what was intended?”

I'll reiterate that there really seems to be an openness to the feedback. I think the data will support moves to help specific industries, such as auto, that perhaps aren't getting the support they would like. I don't want to speak on their behalf, but moving forward, these are real aspects to consider.

● (1620)

John-Paul Danko: Thank you.

I share the view that this policy is meant to be somewhat iterative, that it's meant to evolve and to change as we get the data and understand how it's working, and that it has the intended outcomes of supporting Canadian business.

You mentioned another really important point: coordinating definitions across jurisdictions. I worked in the construction industry for 20 years, in contract tendering. I worked at the municipal level. The provinces and the municipalities do a significant amount of construction work and public sector tendering, but one frustrating thing is that, if there are not consistent definitions, then as you said, suppliers are confused and they don't know whether they qualify in one jurisdiction or another. What needs to be done to better coordinate, with the understanding that the rules are changing within an iterative process as well?

Alexander Jeglic: That's an excellent segue into what—

The Chair: You have 20 seconds for a response.

Alexander Jeglic: It's something I strongly support. These are administrative costs that we're causing ourselves, so better coordination among the jurisdictions is key.

You rightly pointed out that, in the construction industry, there's a great deal of frustration. There is an inordinate amount of federal dollars going out to construction-type projects as we speak, so it must be a priority to create a single universe of rules, a single universe of processes.

Is that an aspirational goal? From my seat, it absolutely is, but there are nuances within jurisdictions that need to be addressed. Overall, the administrative cost of bidding can be greatly diminished, so better coordination among the federal, provincial and municipal governments would go a long way to reducing a cost that is ultimately borne by the taxpayer.

The Chair: Thank you, Mr. Jeglic.

I have a couple of questions, if you don't mind.

First of all, thank you for being with us again. I greatly appreciate your insight, and we look forward to your report's coming out and, perhaps, your coming back in spring to present it to us.

You mentioned that the committee could perhaps put pressure on the department to release data. Really quickly, is that data available now, are they still gathering it or should we ask what they have right now? Could you be more specific?

Alexander Jeglic: My understanding is that, in their compliance and oversight, there is a reference to a procurement activity report. I have no insight that tells me exactly when it's going to be issued, but I understand that this would be very helpful in understanding each component of the buy Canadian policy and the impact they're having, from a financial and numeric standpoint. How many solicitations have been impacted, and what is the dollar value? Then you can start to disaggregate the data and say, “How much of it went to a Canadian-owned and Canadian supplier by definition? How much went to a foreign-owned Canadian supplier?” The more data that's put out, the more you can start to disaggregate the data and understand the impact.

Your question was this: When can we expect the data? Unfortunately, you'll have to ask the department. However, I think that asking for it on a regular and expedited basis would be quite useful. My understanding is that there is a unit within PSPC that is specifically tasked with data analytics, and it would likely have very current information, so it's a fair ask by the committee.

● (1625)

The Chair: You mentioned that you can't grant it to a company that subcontracts all of this out. Is that on a project-by-project basis, or would it be the company in terms of its general existence?

Alexander Jeglic: Thank you, Mr. Chair. That is a great question. I would be remiss if I answered it without knowing, definitively, what the answer is.

Based on the existing language, my assessment would be that it's on a transaction-by-transaction basis. It could be broader, but logic dictates that it should be done on a transaction-by-transaction basis.

The Chair: I have one last question.

This has come up before in the committee, from me: concern about illegal workers on federally funded infrastructure projects.

For buy Canada, should we write in something about preventing companies from knowingly hiring illegal workers on federally funded projects? Yes, there's buy Canada for cement and this and that, but do you think there's something we should write in about the labour as well?

Alexander Jeglic: Not in terms of the legal status of the employee.... I would note that, in Ontario, they have a threshold associated with number of employees employed within a province in Canada. This criterion has been looked at in terms of the provincial level.

The legality of the worker has not been looked at by any jurisdiction, in terms of definition. If it is a growing concern, I suggest at least tabling it with the department so that they're aware of the concern.

The Chair: Thank you very much. We certainly appreciate it. We look forward to seeing you again, we hope in the spring.

Colleagues, Mr. Jeglic referred to the data. I'm not going to ask for that data, but would we be comfortable asking PSPC if they could submit a general brief that updates us on where they are right now on it? We could then decide to ask for further info when the minister is here at the end of the report stage.

Could we get an updated brief?

John-Paul Danko: What data in particular?

The Chair: It's what Mr. Jeglic was referring to. I'm not asking for the data itself, but rather a brief on where they are with it.

John-Paul Danko: We were talking about “the data”. I don't know what that means.

Alexander Jeglic: In the compliance program, there's a reference to a procurement activity report. My understanding is that a procurement activity report will be forthcoming, probably shortly. We're coming up on the one-year mark of the policy framework's being implemented, as well as the six-month mark of the lowering of the threshold. These are probably appropriate benchmarks in terms of starting to ask for regular PAR reporting and for being a recipient of those reports.

John-Paul Danko: Okay.

The Chair: It may be a general brief on when the report will be available.

Okay. We'll write something. I'll send it out by email to everyone in advance to make sure we're all comfortable with it.

Go ahead, Madame Gaudreau.

[*Translation*]

Marie-Hélène Gaudreau: Mr. Chair, on October 23, I moved the following motion:

> That the committee invite Canada Post President and Chief Executive Officer Doug Ettinger to appear for a two-hour meeting regarding the recent milestones achieved by Canada Post Corporation in its transformation plan, before he leaves his position of Chief Executive Officer and his successor is appointed.

I would like us to discuss this a bit before we leave. We have time, and I can explain the reasoning as well.

[*English*]

The Chair: The motion is in order. Go ahead.

[*Translation*]

Marie-Hélène Gaudreau: Those who were there in June remember that it was very important for the president and chief executive officer to tell us about the milestones. We're also receiving information. I think the 17 million individuals who receive mail would like a bit more detail. In any case, we haven't balanced the budget yet, so we will see where we stand this quarter. That's why I would really like us to hear from Mr. Ettinger before he leaves.

● (1630)

[*English*]

The Chair: Are we fine with that, colleagues?

(Motion agreed to)

The Chair: That's wonderful. Leave it with us to find a time, and we will reach out.

If there's nothing else, colleagues, we are adjourned.

Have a happy Halloween.

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