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Thursday, October 19, 2006

Chair

The Honourable Diane Marleau

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• (1115)

[English]

The Chair (Hon. Diane Marleau (Sudbury, Lib.)): We're starting a wee bit late because of the previous committee, but we can always make up the time.

[Translation]

While the clerk distributes all the documents, I would like to welcome you. I would inform those who are appearing before a committee for the first time that we are going to ask you to speak in turn for about five minutes. Then, when everyone has made a brief presentation, we ask committee members to ask questions. That's how it works best.

I'm told Mr. Courtois has to leave early. So we'll ask you to begin. You have five minutes, Mr. Courtois.

Mr. Bernard Courtois (President and Chief Executive Officer, Information Technology Association of Canada): I represent the Information Technology Association of Canada. Our association represents businesses in all the information and communications technology sectors. That includes EDP equipment, computers, printers, servers, telecommunications and consulting services. That gives you an idea of our fields of action.

Essentially, all large businesses operating in this sector in the country, whether they're established in Canada or are foreign businesses, belong to our association and are often represented on our board of directors. However, 70% of our members are smaller businesses, and even the large businesses are very interested in supporting the development of those businesses because the important thing is the development of our sector in general in Canada.

[English]

Questions of procurement are very high on our list of priorities. They are among the three top issues we discuss regularly at our board. Government procurement is extremely important to our industry, not only in terms of the dollars spent but in terms of what they represent in helping our sector, which is a world-leading sector for Canada. In staying a world leader, our enterprises large and small will sell software solutions and services that enable the creation of centres of excellence that then sell their services world-wide. The federal government as a client represents probably 4% to 5% of the total business of our industry, which is very large in proportion, but that 4% to 5% has a much more significant impact because of the role of the government as a complex enterprise, buying world-leading solutions.

Our association and our industry support procurement reform. We support the objectives that have been laid out for a 10% reduction in the cost of goods and services being procured, a 10% reduction in the cost of the procurement process, and a 50% reduction in the time cycle for procurement. As an association, and we've said it publicly, we feel it incumbent on us as taxpayers and businesses to support the government spending its money wisely and saving money. At the same time, we do a lot of work on procurement issues. For many years we've had committees that meet regularly with government representatives and among themselves. We have commodity councils of our own that work on these issues. We feel it's extremely important to recognize what is appropriate procurement behaviour. The government, being a better and smarter buyer, we believe creates a win-win situation in which the government gets better outcomes and our industry sells world-class competitive solutions.

In the last couple of years we have begun to stray from the objectives that have been recognized on both sides as to what is needed to pursue in government procurement, and that is to buy value and to buy outcomes. We have strayed from that into focusing too much on the components of a total package, service, or project that the government buys, and that is causing awkward pressures on the procurement process. It is causing us to stray from the solution that is best for the government and for us as taxpayers and for us an industry. For example, when we buy a piece of equipment we wind up focusing way too much on say the 15% of the cost of buying a box, a desktop, rather than the 85% of the total life-cycle cost of the equipment.

On a project, we wind up focusing way too much on the hourly rate or the daily rate of people being hired piecemeal, rather than on the total cost of the project, and much less still on the much greater amount at stake in what's going to be saved or improved in government processes as a result of the project.

This year there was an additional degree of friction that was caused by some changes to the process that appeared to us to be coming out of the blue compared to the process we already had in place to discuss and make progress on procurement reform with the government. It caused a lot of doubt, uncertainty, and friction throughout the industry; and when we sat down with other associations, others shared the same view.

At this point, the minister has done the right thing by stopping some of the things that were causing the controversy and by launching a consultation process. We are in consultation mode. We've participated in the processes that are being led by the Conference Board, and we're looking forward to getting back on track to appropriate procurement reform that will focus on the Canadian government getting the best outcomes and our industry participating with a world-class buyer.

Thank you.

The Chair: My goodness, you're right on time.

We'll go next to Mr. Michel Comtois.

[Translation]

Mr. Michel Comtois (President, Micom Laboratories Inc.): Good morning. I am the President of Micom Laboratories Inc. and, on an exceptional basis, I also represent the Association des fabricants de meuble du Québec, since Mr. Michaud could not appear here this morning.

This process began for the furniture industry two years ago. In fact, in January 2005, we were informed that the government wanted to change the procurement process. As taxpayers, we are all in favour of the government trying to improve the process. In one way or another, we have all witnessed situations in which the procurement process could have been improved. My perspective is somewhat different since, among other things, we in Canada have a system of national standards governed by the Canadian General Standards Board, the CGSB.

I sit on all the technical committees that set standards for the office furniture industry, and I even chair one of those committees. Although I'm resigning from that position, I have for a number of years been the head of the Canadian delegation for the ISO standards, more specifically for office furniture. I'm also a member of the Association des fabricants de meubles du Québec, AFMQ, and of the Business Institutional Furniture Manufacturers Association, BIFMA.

It is very important to realize — and I believe that the government has very recently been wise enough to stop and review its process — that we shouldn't throw out the baby with the bath water. And that's what the government was preparing to do in June, when it informed the industry of its new procurement policies. There has been an enormous amount of contact and discussion since that time. Fortunately, the government has decided to change direction. Recently, consultations were organized by the Conference Board, which represented Public Works and Government Services Canada. The industry was consulted in order to hear what it had to say.

First, the industry tried to tell government that it had to work with it, that it shouldn't be faced with a fait accompli, because it could help. It's preferable to work upstream rather than downstream. Furthermore, it also tried to assert that the current policy was leading it in the wrong direction. We get the impression that the minister's office clearly understood the message and that matters seemed to be changing direction. We've been reaching out to the government for the past two years; we want to work with it on this issue. It now seems sincere about wanting to do that. Moreover, late yesterday, an e-mail was circulated informing industry people that an advisory

committee would be established. We applaud the government, which has had the wisdom to head in this direction, and we reiterate our interest in working with it to that end.

• (1120)

The Chair: Thank you.

We now go to Mr. Fredette.

Mr. Alain Fredette (President, FREDAL Solutions) Good morning.

I want to thank you for this opportunity to express my concerns about the changes that may be made to the federal government's procurement process.

First, I'd briefly like to describe my business. I represent SMEs working in the same sector as my business, but I represent no association. I am President of FREDAL Solutions, which operates in the field of office equipment and furniture, particularly photocopiers. We distribute Sharp photocopiers, which appear on the federal government's standing offer. FREDAL has been in business for 29 years; it's a service business.

My presentation focuses on my sector, which I know best, the wonderful world of photocopiers. Without giving you a detailed description of the current photocopier procurement process, which you're probably already familiar with, I want to congratulate those who withdrew the reverse auction that threatened us last June. That could have been disastrous for our sector.

Photocopier manufacturers are chosen on the basis of very strict criteria, regarding reliability, price and other equipment characteristics.

Does the process facilitate matters for purchasers? Yes, and at the same time it sets very strict guidelines for them. In addition, the purchase price includes the price of consultations that can be very easily obtained. This makes it possible to obtain information on other options, whether it be in one equipment class or another. In addition, federal government copier buyers seem very satisfied with the current process.

Does the government get the best prices on photocopiers? Some might think that the federal government is currently paying too much for its photocopiers. I can confirm for you that the federal government gets the best prices of all organizations, whether they be school commissions, hospitals, municipalities or provincial governments. The federal government always pays the best price. We even recently discovered that the Canadian federal government pays lower prices for its photocopiers than the United States.

That's further proof that there's no need to reorganize the photocopier procurement system from A to Z. Minor changes may be necessary, but the system works well on the whole.

At present, prices include consultations, in particular to add new characteristics to equipment the client already owns. In my view, the federal government gets excellent value when it buys photocopiers.

Now let's talk about the SMEs. Our business hires a full-time trainer for photocopiers. She serves the federal government and our other clients as well. If the federal government was no longer one of our clients, do you think we could still afford to pay a full-time trainer? The answer is no. We also hire technicians who must be trained for a number of months on our manufacturer's premises so that they can make the repairs to these machines, which are quite complex.

Without the federal government, we couldn't hire those trained technicians, and the companies' operating costs and our own would increase sharply. High sales figures thanks to the federal government enable us to increase our expertise in other markets, whether it be at the commercial level, municipal level, in the health sector, etc.

There's talk about changing the process and having one, two or three suppliers. The dangers of this kind of decision are the following. You can go to small municipalities where a manufacturer has no distributor. For example, if you consider the Petawawa military base, there's no distributor in Pembroke. That means that Pembroke SMEs would lose those service revenues.

There's also a danger when you limit the number of manufacturers. You've probably heard that, in the context of the reverse auction, some of the major players in the photocopier and office furniture industry said they didn't want to take part in the system because it was too dangerous for everyone. So there was a threat. Overlimiting the number of suppliers in our field would probably cause job losses in most small towns.

In conclusion, I don't want to speak for other sectors, but the photocopier procurement system should not be changed from A to Z. In our opinion, as we've previously indicated, changes may be necessary, but they should be minor.

Thank you for your attention.

● (1125)

The Chair: Thank you, sir.

Mr. Egan, the floor is yours.

[English]

Mr. Meredith Egan (Secretary-Treasurer and Co-owner, The AIM Group Inc.): Thank you for having us here today.

My name is Meredith Egan, and with me is Jeremy Ingle. Also with us are Catherine Tremblay and Barbara Cloutier, who will be able to answer any questions in French, if you so wish. We are all principal owners of local temporary help staffing firms in Ottawa. We appreciate the opportunity to speak with you about this important issue.

First, let me note that we are here on behalf of the many temporary help service companies in the Ottawa-Gatineau area, who are all members of the Association of Canadian Search, Employment and Staffing Services, an association known as ACSESS.

Also let me note that we would rather not be here today. Our business is to provide competitively priced, superior quality staffing solutions to clients, including the Government of Canada. Our business is not to advocate on how government solicits those services. However, we do feel compelled to speak to those issues,

given how a good working relationship that has served the needs of taxpayers has very suddenly been soured and needs to be set right again.

Our issue is the standing offer for temporary help services. There is an offer in effect today, the product of over two decades of cooperation and consultation. However, the Department of Public Works and Government Services decided to radically change and alter that offer with an announced new document on June 30 of this year. Without prior consultation but for an impromptu meeting ten days before, and without any other notice, the temporary help services industry was suddenly faced with a dramatically new approach to the solicitation of their services.

We fully appreciate the right of government, as with any client, to change the terms of engagement for their suppliers. However, the kinds of changes represented by the June 30 document made no sense. Among other things, the new approach would have resulted in the elimination of competition from a very competitive process, ignored the issues of quality of service, resulted in the closing of dozens and dozens of small businesses, and dramatically decreased the wages of temporary workers.

In the past, the public works department and the staffing sector had an open dialogue. Yet with this new document, we were cut out from all communication, and for a reason unknown to us, we were treated like we were an adversary. The situation continued to deteriorate over the summer, until very recently, when the department finally decided to engage the industry on issues through a consultation process run by the Conference Board of Canada.

Pre-consultation materials issued by them suggested, however, that this was merely the latest in a series of consultations on the standing offer. This is not true. As internal departmental materials obtained by us through access to information make clear, the last meeting held with our industry and the public works department was in early November 2005. We now await the report from the Conference Board in order to use it as a basis for further discussions.

PWGSC has left the revised standing offer on their website as a consultation document and has promised to identify what it believes are the weaknesses of the original standing offer. Late yesterday they asked us to submit to them our comments on what could be done to improve their procurement process of our services.

● (1130)

Mr. Jeremy Ingle (Chief Executive and Co-owner, SPI Consultants): I'm here with Meredith Egan because I've been a director of our association for 20 years. I've dealt with the federal government for a similar amount of time. I've been on the national government relations committee for our association since I was first appointed to the board of directors with a special responsibility for dealing with the federal government. So I have a particular insight into how the federal government works and how the industry has developed the current system over the years.

We're more than prepared to sit down with officials and determine what can be done to make the best process for the taxpayer, and we've done that for many years. We do want to know what PWGSC finds wrong with what is in place. But more than that, the experiences of the last several months have left us asking the following questions.

Why were the services of a large consulting firm and outside contractors deemed necessary to improve a process that was working well? Although admittedly it had some flaws, just as any system is bound to have flaws—no system is perfect—this system, which was developed between the experienced public servants and industry representatives, was cost-effective and efficient year over year. Why was Public Works and Government Services not checking the data with industry, particularly after we advised officials of serious fundamental data inaccuracies in the department's assessment of the sector and its involvement with the Government of Canada?

Why did departmental officials feel compelled to advance changes without consultation and in an atmosphere of deliberate secrecy after decades of open, transparent engagement? Why was there so suddenly a rush to amend a process that has a regular schedule for amendment, and the next amendment is due in early 2007?

Why did departmental officials feel compelled to create a limited competitive pool of suppliers, undermining competition in the free market in the whole process and thereby undermining the quality of work for managers across government?

Why did departmental officials not see the contradiction between their statements about working with small to medium-sized business and their conduct that was anti-small-business in their proposed purchasing reforms?

Our desire is to continue to supply competitively priced, superior quality staffing solutions to the managers across the Government of Canada and thereby to the taxpayers of this country. We want to work with PWGSC on this, and hope we can restore what used to be an excellent working relationship.

We hope the Standing Committee on Government Operations and Estimates will look into this matter further. Our industry would be able to put forth witnesses within each stakeholder community, including suppliers, buyers, and temporary workers.

Thank you, Madam Chairman.

• (1135)

The Chair: Thank you, sir.

We will go on the Canadian Furniture Task Group. I believe Mr. Swire is the representative who will be speaking to us, as well as Mr. Axam.

Mr. David Swire (Director of Sales, National Capital Region, Teknion Furniture Systems, Canadian Furniture Task Group): Thank you.

I want to begin by thanking the committee for allowing the Canadian Furniture Task Group the opportunity to express its views. We believe it's an important issue for the government as a whole.

My name is David Swire. I'm with Teknion Furniture Systems Limited, a Canadian manufacturer. Bob Axam, a competitor of mine also on the task group, is with Haworth Limited, with significant manufacturing facilities in this country as well. We represent the Canadian Furniture Task Group, a coalition of more than 50 participants formed by the Business and Institutional Furniture Manufacturers Association, which we refer to as BIFMA. In Canada,

BIFMA includes some 30 members and is the primary voice of the Canadian furniture industry.

I think it's important to state right from the beginning that the Canadian Furniture Task Group and its members are good corporate citizens and that all of us share in the public's desire for the Government of Canada to be more efficient and to reduce the cost to the taxpayers of the goods and services it buys.

We support and have participated in the consultative process conducted by the Conference Board of Canada to ensure that the voice of the furniture industry is heard before the federal government takes any final decisions on how it will achieve its goals. We are encouraged by the direction the process is taking, but are concerned that Public Works and Government Services' consultative approach may end when the Conference Board reports to the federal government.

The Canadian Furniture Task Group believes the government can reach its goal of reducing overall expenditures on furniture by 15%, but the current proposal that assumes savings can be achieved through economies of scale and by simply reducing the number of suppliers under standing offers, without measuring the cost, will not be successful. We believe there is a better way.

The use of the existing national master standing offers, or NMSOs, according to Public Works' own website, has resulted in savings of between 25% and 30% between 2005 and 2006. These savings were achieved with less than half of the government departments, agencies, and crown corporations participating within one full year of marked improvement in the process.

There are many ways we can assist the government to achieve its goals, but as an immediate first step we are confident that further savings can be achieved by making the national master standing offers into national mandatory standing offers across the Government of Canada. This process will also allow our government customers a broad range of choices without reducing access to the many businesses that depend on doing business in the public sector.

We believe healthy competition maximizes price effectiveness and creativity and the product solutions provided. The Canadian Furniture Task Group feels strongly that the national master standing offer program should continue to be open to all qualified suppliers, especially aboriginal enterprises and small and medium-sized businesses throughout the country. We also believe Treasury Board should be given the role of ensuring all departments within the federal government use this system, and with some consequences for failure to comply.

This one single move on behalf of the Government of Canada will achieve more than enough savings to allow the government to achieve its goals without damage to the Canadian manufacturers, dealers, and suppliers across Canada or to the successful aboriginal businesses that now participate in this important sector.

We have encouraged the government to form a furniture council to enable our industry to work with the government's own experts, with the goal of finding additional ways to improve the procurement process while maintaining competition, choice, innovation, and access.

Late yesterday we were notified that Public Works wants to proceed with this idea. There are many models for how this council could work, and we are open to discussion on what form it may take.

The Canadian Furniture Task Group would like to see a council that truly reflects the furniture industry as a whole. All the players must be brought to the table, including manufacturers, the many dealers and suppliers who serve the Government of Canada, and the government's own internal experts, such as facilities managers, ergonomists, contract specialists, and the people who actually use the furniture.

This council can also play a major role in the creation of an improved procurement process that represents the best thinking of all interested parties and affords the opportunity to provide innovative quality products at the best price to the federal government.

These are just some of our ideas on helping the government and taxpayers receive more value for their money.

We'd be glad to accept any questions. Thank you for your time.

The Chair: Thank you.

Does Mr. Axam wish to say a few words?

Mr. Robert Axam (Government Programs Manager, Haworth Limited, Canadian Furniture Task Group): I'll be here to answer any questions you might have.

The Chair: Well, I thank you for coming. As you know, it's something that is very near and dear to this committee's heart, and particularly to mine, because I've lived some of the problems that have occurred when a national tender was called and the small and medium-sized businesses that used to compete had been totally cut out and were gone. In a sense, it's a question of balance: how you get the best price and keep some of these businesses and some of these profits in the communities where they've been created and where they've been for a long time.

I'm going to go to the first questioner. Monsieur Proulx.

• (1140)

[Translation]

Mr. Marcel Proulx (Hull—Aylmer, Lib.): Thank you, Madam Chair.

I want to thank all the witnesses for coming here and accepting our invitation.

[English]

I know that you gentlemen have a lot better things to do than to sit in a committee and try to convince us of something. Thank you very much for accepting our invitation. I'm sure we will come to conclusions that will be very interesting and very heart-warming for you.

[Translation]

Good morning Mr. Fredette.

You say that talks between the photocopier industry and the government are going well. However, you said that minor changes could possibly be made.

Can you briefly give me a few examples of those minor changes?

Mr. Alain Fredette: The machine approval process is fairly lengthy. We agree that it's serious, but we have to complete a lot of reports, which we think are somewhat pointless, in many cases. We feel that these reports will be shelved, but government officials have no choice; they have to request them. When we have to submit a bid for these machines, sometimes we have to complete a whole box of paperwork, and I'm not exaggerating. That represents a lot of work for us and for those who analyze the equipment and have to approve it. A lot of savings could be with regard to this analysis.

Mr. Marcel Proulx: Mr. Fredette, if I'm not mistaken, when a machine — let's call it model 1234 — is approved following a submission, that approval is valid for three or four years.

Mr. Alain Fredette: It varies from 18 to 30 months.

Mr. Marcel Proulx: That's good. Let's suppose model 1234 is approved on January 1, 2007, and that, for one reason or another, the model is no longer produced on January 1, 2008. There would then be at least six months left in the rental period.

Could you replace it with another model?

Mr. Alain Fredette: We could replace it with another model, if it's approved by the specialists.

Mr. Marcel Proulx: If it's approved by the specialists of Public Works and Government Services Canada.

Mr. Alain Fredette: That's correct.

Mr. Marcel Proulx: So you offer the opportunity to replace it.

Mr. Alain Fredette: That's correct, but there has to be a good reason for it, and it has to be approved. It's not automatic.

Mr. Marcel Proulx: That's fine, thank you.

[English]

Mr. Egan and Mr. Ingle, thank you for being here this morning.

Before I ask you a question, I'm very happy that we are having this meeting here this morning. Obviously, we have provoked the government to do something because there are three or four witnesses who mentioned that yesterday they received notification from Public Works that something was going to be done, or at least they were opening the doors to your opinions and your suggestions. Just that, the fact that this was done yesterday, was worth this morning's meeting.

There has been a mention that within statistics of THS there is a sector that should not be part of that particular way of looking at things, and I'm referring to senior-level information technology and executive-level professionals in that particular field. If that group were to be removed from your industry's statistics according to Public Works, how much of a difference would it make for your industry?

Mr. Jeremy Ingle: The statistics show that in the last year the total dollar volume of the temporary outstanding offer was in the region of \$220 million. If we took out those categories that have gone on to the standing offer and in fact are not really part of the temporary help standing offer, or shouldn't be, we think the total volume would shrink by roughly \$85 million. So it would come down to approximately \$150 million.

• (1145)

Mr. Marcel Proulx: Thank you.

Mr. Jeremy Ingle: I could actually help you a little bit there. Had those figures been looked at as they should have been looked at in the first place—that \$80 million was not really part of our supply at all—I don't think we'd even be part of this discussion. We wouldn't be here today, because we'd be such a small sector that it would not have provoked an outside consultant to look at it and say we have to beat this industry over the head.

Mr. Marcel Proulx: Thank you.

The premise behind what Public Works has been trying to do, so they say, is to make sure that prices go down, whereas you're saying that if you're going to reduce competition in your types of services, the tendency would be for prices to go up. Can you briefly give me a little more detail on this?

Mr. Meredith Egan: Based on the model the department was proposing to use over a three-year standing offer and cutting the number of suppliers down to potentially as low as seven, initially there would have been significant reduction in pricing because there would have been the psychology of fear in the bidding process. But in the way things work, over that three-year term you would have seen the loss of all these other supply companies that could no longer tender to the federal government. The Conference Board of Canada's pre-consultation documentation indicated what a significant part of the economy the federal government is in terms of the temporary help industry, and without access to that client, most of these companies would go out of business.

The long-term effect would be that those seven companies would then have retaliatory pricing because they had been forced down in this competition of fear, this bidding in fear. Three years later, the retaliatory pricing would come in and you would see a significant increase in prices.

Mr. Jeremy Ingle: I'd like to add to that.

During that time, what would have happened? The prices would come down because the bidders would bid prices lower. The wages might have come down or they might not. It depends on how low a wage people would accept. But what would have happened is, because the price had come down, there would be a non-supply situation because you could not get a person supplied at the rate quoted. They wouldn't work for the pay rate, because the industry margins are so small. What would happen is what has been happening, actually, funny enough, in the provinces for years: that in order to get a clerk, they'd have to order up a secretary. That would undermine the whole process of purchasing. You don't put in a system that will only work if it has to be cheated.

Mr. Marcel Proulx: I have a very quick question.

The Chair: You'll have another turn, Mr. Proulx.

Mr. Marcel Proulx: Fine. We'll come back.

The Chair: Monsieur Nadeau.

[Translation]

Mr. Richard Nadeau (Gatineau, BQ): Thank you very much, Madam Chair.

Good morning, ladies and gentlemen.

This plan to change procurement methods at Public Works and Government Services Canada came to our attention in June and, from what I've heard, caused a lot of disappointment among the various suppliers concerned. I wanted to verify the government's intentions myself. The document states that the goal is to reduce the \$20 billion procurement budget by \$2.5 billion; that's one of the reasons given to explain this measure. They want to cut the time needed to conduct a transaction between the government and its suppliers by 50%; they want to reduce administration costs by 10%; they're talking about implementing an independent electronic system for goods and services procurement. One understands from the documents that those are the goals, but what we're also told is that the objective is to increase the chances that small and medium-size businesses will secure a share of the contracts awarded by the federal government, to stimulate the local economy and to give businesses equal opportunities. So it seems to me there are a number of contradictions between the objectives written and expressed.

Mr. Fredette: you're from this region; you do business in both the Outaouais region and in Ottawa. We know that only six percent of federal procurement expenditures are made in the Outaouais, compared to 94% on the Ottawa side. From the standpoint of small and medium-size businesses, what do you understand from the goals expressed, that is to say to stimulate your business, versus the potential effects of the planned measures?

Mr. Alain Fredette: You're talking about the reverse auction system?

Mr. Richard Nadeau: Among other things, yes.

• (1150)

Mr. Alain Fredette: With the reverse auction system, we would virtually have had to terminate our relations with the federal government because it would have been impossible to operate that way.

I said earlier that it can take up to three months to train our technicians so that they have thorough knowledge of the products. A photocopier is a complex device. It is a device that scans, faxes, copies and prints. So we need specially trained technicians, who have connectability knowledge. So obtaining a six-month contract — that's what was proposed — that we could have lost at any time would not have been worth the investment. We wouldn't have taken the risk, first of all.

Second, our employees wouldn't have been interested either. How could I have told my employees that I didn't know whether I could still be doing business with the federal government in six months? In those conditions, how could I retain good employees? Definitely not by concealing the truth from them. So have we taken an interest in employee quality? I'm not sure. Currently, we're investing in our labour force by offering training, but am I going to make the investment in order to win a six-month contract? I'm not sure of that either. Are we going to continue offering training on our products or tell our clients that once the photocopier is delivered, the technician will have to do the best he can? That's probably what we would have had to do, eliminate training. That was unthinkable for us.

Mr. Richard Nadeau: So if I understand you correctly, there's a difference between the government's expressed goal of helping small and medium-size businesses and the anticipated impact of these measures on your business.

As regards consultation with a view to proceeding with these changes, Mr. Ingle, I read your document, in which you mentioned that you have had good relations with the government in the past. However, you write that, suddenly, you felt you were being treated as opponents of the new procedure. You were asked for suggestions — not to say demanded — on June 20, and you were given a limited period of time to respond.

In fact, the documents that I have here don't even represent five percent — I stopped printing them because it was a waste of paper — of the documentation on the call for tenders for temporary help services. From an environmental point of view, this is a phenomenal waste — we can come back to that — but think what it represents from an administrative standpoint.

How were you consulted by the government before you learned what the new way of operating would be?

[English]

Mr. Meredith Egan: There were no consultations with our industry.

Mr. Jeremy Ingle: We wrote and requested a meeting on February 20. We didn't get a reply.

We were asked by departmental officials to submit some information, which we did. We were called to a meeting on June 20, I think it was, where we set out the proposals we had. We were cut short by a gentleman called Mr. David Rota, who said, "Well, that's what your information is, but let me tell you what we're going to do." He then announced exactly what they were going to propose. He didn't give us the document in detail, but he told us in outline form. They were going to give us a new RFP.

We then asked if we could have some consultation. We were told yes, but we'd have to do it in a hurry. Three days later we were called in. They listened to us for about an hour and a half, and that was the end of that. Five days later, the proposed RFSO was on the street. Anything we'd given to them that day.... There was no notice, no change, nothing. It was a *fait accompli*.

• (1155)

[Translation]

Mr. Richard Nadeau: We read in the media that the government retained the services of a company called A.T. Kearney and that that corporation was at the origin of this new procedure.

Mr. Ingle, Mr. Egan and perhaps Mr. Fredette and others, were you able to consult the document outlining the new measures that would have to be taken in order to retain your services?

[English]

Mr. Meredith Egan: We were not able to. We actually asked to see that documentation at that June 22 meeting and were told that for competitive reasons it wasn't available. We then went through the access to information process and are still awaiting the documentation.

I believe it's a 30-day turnaround time on a request, and then the department has an option for up to a 120-day extension. But we still haven't seen that particular one. We made a number of ATI requests throughout the course of the summer, but we have not seen that particular request. So we have not seen the documentation yet with respect to A.T. Kearney's proposal, other than the produced RFP.

The Chair: Merci, monsieur Nadeau.

Mr. Kramp.

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Thank you, Madam Chair.

Welcome to all of our guests. Thank you very kindly for coming here today.

To me, this is a great opportunity to build the partnership that is so necessary to work with government and to work with industry. I am pleased that we have a diverse group of interests here, everything from personnel to staffing to capital asset acquisitions. That gives us a bit more of a broad perspective on where we need to go with this. You are, though, by no means unanimous in your assessment of the situation, and we recognize that reality.

Might I say off the bat that I am encouraged? We're not sitting at "Hell, damn it, where do we go from here?" We're really sitting at a level of understanding, at least, and I notice a level of willingness that has been expressed by many of the participants here that the government is willing to listen. To me, no one learns unless they listen. Governments have made mistakes in the past. Governments have often made wonderful decisions, just as we have in business and in life.

I notice there is willingness to listen, and you have expressed an acknowledgement that there is definitely a willingness to consult. As we have seen from the reversal of the reverse option, we have also a demonstrated willingness to act.

Maybe we're not where we need to go totally with this entire perspective, but I'm really encouraged that this government in particular, without any reflection on any other governments, is at least recognizing that we have a problem. Can we make a better road map down the road for our future for all of us, both for the industries and for the government? At least we're not at loggerheads, but there are still some difficulties. I noticed, in particular, that the government has asked for suggestions in the consultation process, and I am very, very thankful.

I see in the presentation from the Furniture Task Group here today that they came forward with a suggestion and a concern regarding the mandatory standing offers. I didn't like this, but the government, obviously, through their departments can digest and evaluate, can see if this makes sense from both sides.

My question is to Mr. Ingle. You have voiced a number of concerns. I know the government is totally relying...well, not totally relying, but relying to a great deal on many of the services that your organization uses. So we are looking for a "win-win" out of this as well.

The government is mandated to secure savings. I think we all recognize that. The bottom line is there will be savings. There is no such thing as a painless road to progress, but we're certainly not looking at and I don't think the industry is looking at tossing the baby out with the bathwater, per se.

I'm looking for ways to address your concerns, and I wonder if you could possibly give some suggestions to this committee as to actions and/or deliberations that the government could entertain to address some of your concerns as well.

• (1200)

Mr. Jeremy Ingle: The first thing we think should be addressed is the fact that any suggestions that have been made so far institute a system that is not conducive to the supply of services, and particularly the supply of the services of people, because people are very complex, as you well know. We have a system in place that works exceptionally well. Unfortunately, because of some oversights in the way it's actually been managed, there have been some difficulties with it, because the system has been inflated by companies getting onto our standing offer and supplying not genuine temporary help services. So it's inflated our whole business and makes it look totally wrong. That's the first thing. We should remove that part of it, get back to what our industry does, which is supply basic temporary help.

We should keep the flexibility of being able to move the prices in accordance with the marketplace, because the federal government, believe it or not, has to compete in the marketplace, and the marketplace for good people in Canada is diminishing, whether anybody likes it or not. We've got a really bad problem in western Canada, and that's not going to go away here either. So anybody who's actually worked in government realizes how difficult it is to get these people. We've got to supply them. So we should use the existing system; we should limit the way the prices are allowed to fluctuate.

We have a very quick system of being able to get people. There's talk about reducing the time of service, the service time, the procurement time. Our procurement times are probably the shortest of any commodity or any service that anybody ever buys. We get two hours' notice.

Mr. Daryl Kramp: I understand where you're going. Are you suggesting, though, that the status quo is fine?

Mr. Jeremy Ingle: No, I'm not suggesting the status quo is fine. I think what we've got basically should be fixed up, and I think there are a number of different ways. I won't bore you with the complexities of doing it, but I think we should sit down and say okay, we've got a system that we developed, and basically it's excellent—how can we make it better for the government, who is our client?

Mr. Daryl Kramp: I hear you, and I thank you for that, but could I make a suggestion? Obviously this will go to a consultative process with the government, your recommendation about dealing directly with the government. But what I might also suggest is that the recommendations you might consider to be valuable, that could add value-added to both yourself and to the government on this, you could possibly present to this committee. I think that might be a good suggestion going forward.

Mr. Meredith Egan: If I may, the department officials have suggested that the current system is broken. We have been requesting through the course of the summer an opportunity of hearing how they feel it's broken. We are still awaiting that opportunity. We're quite willing to sit and figure this thing out and get this thing right, but we have to know what's wrong with it.

Mr. Daryl Kramp: I have not personally seen any statement by the government that suggests that whatsoever. I think what we have seen out of the government is a willingness to say the status quo is not acceptable, but we need to move on. That's why I'm really pleased to see that we have at least a level of consultation, a level of willingness to move.

Thank you, gentlemen. We'll talk to you a little bit more when we have another opportunity for questions.

• (1205)

The Chair: Thank you.

We will now go to Mrs. Nash.

Ms. Peggy Nash (Parkdale—High Park, NDP): Thank you, Madam Chair.

Thank you to all the presenters this morning for taking the time to come here.

Obviously the procurement by the federal government is huge. They're the largest single purchaser of goods and services in the country. And we know that the government has stated its intention to cut \$2.5 billion out of the annual procurement system over five years out of the \$13 billion that they are currently spending, which is a sizeable cut.

Frankly, I don't think they're off to a very good start, because of course their contract for developing their cost-cutting strategy ballooned over 32 times their original estimate for the contract and ultimately ended up being 14 times the value of what was awarded. So their start in cost-cutting was not particularly strong. Nevertheless, there is concern about the cost of procurement, and if this initial contract is any indication, certainly that cost was out of control.

What we've heard from each of you is that there were announcements made about changes to procurement that would quite significantly change the way procurement takes place, and with very little consultation and in some cases no consultation. I'd like to know from you what is the best system to get your input on an ongoing basis, so that when changes are made they're made with the best information possible and we're not just hiring some consultant to come in and make a quick and dirty analysis but we're really truly consulting with the people who have the best information because you're the ones who actually work with the system every day.

So I throw that out as a general question: What kind of consultation would you like to see on an ongoing basis?

Mr. Bernard Courtois: Maybe I'll start by saying that in our case we do participate on a regular basis in consultations with the government. We've been trying hard to help improve a process that really is in need of tremendous improvement, because government buys in a way that's much more complex than it needs to be, and that hurts everybody. We need to move to more standard, commercially acceptable clauses. That's causing a lot of difficulty in the industry as financial reporting requirements are harder, and that's causing more grief and making it harder to bid openly for the government.

I think what the experience of the last few months showed was that something that is brought about circumventing those consultation processes should not be attempted again. In our industry, information and communications technology, where there is some spillover with the temporary help people, I certainly wouldn't want the more sophisticated experts who are currently under the temporary help offers vying to stop that. In those areas there may be a need to get the multiple associations together from time to time and try to get as close to a consensus as we can. It will simply help everything work a lot better. We had suggested some sort of council like that.

In our view, there's a fundamental problem here that is going to cause all these efforts by individual commodities or services to keep being more frictional than they need to be, which is that we're not sure that it's only a matter of Public Works. There may be a triangle between Public Works, Treasury Board, and some of the key buying departments. Public Works needs to improve its processes as much as they can, and there are lots of improvements that need to be made, but if they're doing the best process in the world to buy the wrong thing, then the government's getting the wrong thing and our industry is missing out tremendously. So there needs to be perhaps some sort of a triangle there to really address the fundamental problems.

Ms. Peggy Nash: Thank you.

Mr. David Swire: What we'd like to see—and I don't care what you call it, a committee, a group, or task group—is a group that comes from all the different disciplines across our industry, representative of our industry and at the same time, on the client and government side, that truly represent what the government is comprised of so it has the different stakeholders involved who understand our particular world, how that impacts on your organizations, your employees, your people, and have that ongoing.

We're very happy it began. This is the first time we've had a truly consultative process in the last several months. We think it's been very productive and we were able to come up with some very interesting ideas. Mr. Kramp mentioned one of them, and there are many more. We don't want it to stop. We look at this as the beginning, not the end. We want this to be the beginning of a process.

It's very often helpful if we include a neutral third-party arbitrator or consultative group. We find that helps keep the agenda going and takes out all the individual interests on both sides. Don't forget, we're sitting at a table with people we're trying to compete with and beat when we leave this room. It's important to have a neutral body involved that allows us all to stay on message and keep moving forward in a positive fashion.

●(1210)

Ms. Peggy Nash: Thank you.

Mr. Meredith Egan: With respect to what can be done, we heard with pleasure yesterday about the creation of a permanent government-industry committee, but this is not a new invention. This was the relationship we had up until January this year. Our current system is a product of over 25 years of ongoing consultation with the department. The whole system was developed through that process.

That process was cut off from us. It's not a revelation or a grand announcement that we're going to have this permanent committee; we're returning to a situation we used to have that should have always been, but seemed to have been cut off through this whole A. T. Kearney experience and their methodology, which seems to be shrouded in secrecy. Their whole principle seems to be don't speak to the purchasers, don't speak to the vendors; this is what we're going to do, and we're going to ram it through whether they like it or not.

Although we were pleased to hear of this permanent government-industry committee, it is something that was in place in the past, something we experienced, and that both government and industry benefited from for over 25 years to develop our current system.

Ms. Peggy Nash: To follow up on that, on the committee that has been announced, do you believe that ongoing consultative process is enough to deal with the government's announced goal of saving \$2.5 billion, or is there a particular review that should take place involving all the different stakeholders to deal with that particular goal?

Mr. Meredith Egan: Two things are going on here. There's the whole way forward, procurement reform, and then there's the individual, how we're dealing with the individual sectors and how we're going to purchase their particular products and services. My interpretation was that the permanent government-industry committee was going to be the THS sector sitting down again with the government to determine how we can figure out where we're going and what we're going to do under the whole government procurement reform policy. I didn't see this as being at the level of discussing the government's procurement reform policies with other industry representatives; I saw it more as looking at how our industry is dealt with in providing its services to government.

The Chair: Thank you very much, Ms. Nash. You'll get another turn, I'm sure.

Mr. Alhabra.

Mr. Omar Alhabra (Mississauga—Erindale, Lib.): Thank you, Madam Chair.

Good morning to everybody. Thank you for coming here today.

I don't mean to draw you into a political statement, but I'd like to remind everybody here that many of us have been saying that we have a mean-spirited government, a government that is unable to build consensus, that is ideologically driven, and that has a "fend for yourself" policy. So I'm intrigued by a statement that was made here earlier today, that the government seems to be contradicting itself, when it has created the office of small and medium enterprises yet is contradicting itself in its behaviour.

I'm interested in hearing from the small and medium businesses that are here today how you think a government can balance.... I came from the private sector, and I can tell you that for the private sector, unlike the federal government, the bottom line is the most important target, yet they're very careful about the small and medium businesses that are around them and make every effort they can to protect the industry around them, because they depend on them to survive and can't exclusively depend on large corporations.

So I'm curious to hear from many of you here today about how you think a government can do this? I agree with you that we should find a way to encourage and help small and medium businesses. How do you think we can do it?

Maybe we'll start with Mr. Ingle, since you are the one who made that comment.

• (1215)

Mr. Jeremy Ingle: Did I?

Our industry mainly comprises very small businesses. There is no exception to that in the supply of temporary help to the federal government. Of the 50 or 60 real suppliers of temporary help to the federal government—I'm not talking about the people who are actually on the standing offer, but the real ones—about 90% of them are small businesses, some of them very small, some of them very small shops. Those small businesses currently do about 80% of the business. So we have protection in the existing system; we don't need to protect them any further.

What we don't need is the proposal put forward by A.T. Kearney to push all the business to large companies: that in order to protect small business, which is a totally phony deal, the small businesses should form consortiums. That was the only way we were "protected".

We don't need any further protection than what we have at the moment. What we don't need is somebody saying the only way you're going to do business with the federal government is to form yourself into a coalition with other companies, which doesn't work, because our margins are so small that you can't do it.

The other thing is, how do you divide it up? It's not like making widgets, where one company can make one size of widgets and one company can make another. You can't do that with temporary help. The margins are less than 4.5%. You can't split that between two or three companies and say, you take half a percent and there's another half a percent there. It's absurd.

Mr. Bernard Courtois: We have the same issue, but a little bit of a different perspective because of what our members sell. Our small members are quite prepared to compete for government business. They're mainly interested, large or small, in selling solutions, and in selling technologically advanced approaches, and selling projects or working in projects that are innovative. That's the nature of the membership we have.

Our approach is that the procurement process should not be set up to eliminate people from competing from the very start. The small businesses are prepared to compete for solutions as long as they get a chance to compete. That doesn't mean the requests for quotes and so on can't eliminate people who aren't qualified. We recognize that

there has to be some qualification requirement; I think everybody recognizes that.

The first thing is not to cut them out from competing in the first instance. Let them put their solution forward and see whether it can win. Then, of course, there might be one winner, or two, or three—a small number—but at least let them compete.

The other thing is there's an entirely different level.... And forgive me again. In our industry, innovation and selling to a government as a reference customer or as a complex customer is extremely important—important to our industry and our country and to our country's leadership. We need to find ways of having government departments buy more innovative solutions. That may mean that outside of the normal procurement process there has to be a bit of a fund for pilot projects where innovations would be favoured.

That's done in the U.S., in some degree, through research-based new projects. It's another way of helping our truly innovative companies that want to do this get the Canadian government as a reference customer and then go out to fight in the marketplace and complete the development of their innovation in the process.

Thank you.

• (1220)

[Translation]

Mr. Michel Comtois: I share your view: the government's intention to open an office for small and medium-size businesses in order to help them continue working with the government was paradoxical in itself. For example, in the furniture industry's case, under the policy originally announced, only two Canadian companies could have become potential government suppliers. All the other small and medium-size businesses would have been automatically excluded. They would then have had to go through the Office of Small and Medium Enterprises, which would have increased the costs associated with their business relations with the Canadian government, adding a step to the bureaucratic process. That was absolutely unnecessary. For that reason, the government should maintain the status quo, but improve the aspects that need improving.

However, the government now seems to have gone beyond that stage and has come back to more sensible provisions regarding the way the industry and government should work together.

[English]

Mr. David Swire: Yes, we think the key to this is that if you don't limit access—and I think there is some suggestion and discussion now that there is some changing of views there—you keep the doors open to allow small and medium-sized businesses to participate in this very large market of government business.

Whether we're a small manufacturer or a large manufacturer, we all have, across the country, dozens and dozens of small businesses that are our business partners, acting as distributors and service providers, allowing us access to the business and the opportunity to compete for it, and that's the key. We don't want you to give it to us, we just want access to compete for it on an ongoing basis as opposed to the winner take all. I believe that will protect the ability of small and medium-sized businesses to succeed here.

We are one ourselves. We're a good success story. We were a tiny company 20 years ago. We're one of the top 10 in our industry now in the world, and we do believe that paying attention to our home market in Canada, and particularly the federal government, because it was such a large component of it, allowed us to grow and succeed. And there are other companies like that out there that can do the same thing.

But again, we're happy that we seem to be moving into that process where there is more listening and consultation going on, and really that's all we're asking for. We have great ideas; we just need people to share those with, people who understand what we're saying, as well.

The Chair: Thank you.

Now we'll go to Mr. Albrecht.

[Translation]

Mr. Alain Fredette: Perhaps I could add a single comment.

The Chair: Yes, I'll give you a second. Do it quickly.

Mr. Alain Fredette: Yes, I simply want to add, as I said earlier, that paperwork could be reduced. When we request accreditation, the paperwork is enormous. That would obviously help government officials, but it would especially help small and medium-size enterprises.

Thank you.

[English]

The Chair: Merci.

Mr. Albrecht.

Mr. Harold Albrecht (Kitchener—Conestoga, CPC): Thank you, Madam Chair.

It strikes me as odd that a photocopier representative would ask us to get rid of the paperwork.

I could also probably have saved Mr. Alhabra from entering the partisan remarks if he had just given me his speaking spot, but we'll leave that where it is.

I think all of us around this table are committed to getting the best value for our money. Whether that's personally in our home budget or certainly as representatives of our constituents, we want to ensure that we are getting the best value for the money we spend.

It seems that in spite of a desire on the part of government to help small and medium-sized enterprises, there are a number of examples this morning that many of you have given that indicate that may not have been the end result.

Mr. Ingle used the term "anti-small-business". Mr. Egan said there is an effort to eliminate competition. But in spite of those remarks, I think overall I've heard this morning that there is hope that an increased level of consultation has begun. So that gives me hope as well.

Mr. Swire, there is one comment you made that does concern me. You said in your comments that you're concerned that the consultative approach may end when the Conference Board reports

to the federal government. I'm wondering why you still feel that the consultation process might be cut off.

Mr. David Swire: No one has said anything as such, but really, throughout this whole process, this is really the first time we've been listened to, after trying so hard. So I guess it really is more of a plea, if anything, that it not stop. But no one has said anything to us otherwise.

• (1225)

Mr. Harold Albrecht: That's my concern, Madam Chair. There has been a great degree of hope, I think, expressed around the table this morning, and it would be my hope that a few negative comments would not derail the positive direction we have begun.

I have another question in relation to the administrative red tape, as we sometimes call it. Is that a huge financial burden and disincentive for the average small or medium-sized enterprise to get involved in? If so, what are your recommendations for government to reduce that disincentive?

[Translation]

Mr. Alain Fredette: The people in the best position to answer you are the government employees themselves; they'll answer you. They definitely won't do it before a committee like this one, but most of them who are studying all this information often find that there's too much of it.

Mr. Nadeau referred to a voluminous document a little earlier; that's often the case. I'm not saying it's not necessary that documents be thick, but, in some cases, we sometimes get the feeling that parts of them serve no purpose. It's just that. So I believe that the public service people would really be in a better position to tell you what they don't need, because I imagine documents have been added over the years.

[English]

Mr. Bernard Courtois: Perhaps I may say on that one that the objective to cut the cost of procurement by 10% and the cycle time of procurement by 50% are the good kinds of objectives to have. We have small members who have practically given up on trying to sell services to the government because it's too complex.

The one thing I would say that is key to all of this is that to the extent that the government can behave like a normal commercial buyer, it should do so. We know there are things that are special for the government, but that should be a limited amount. Trying to deal with government-specific clauses, government-specific approaches, and government-specific ways of doing business makes things much more burdensome than they need to be.

The American government, for example, is a very large buyer. In our industry, they've decided to accept standard commercial clauses to do business. That simplifies things enormously. We should be headed in that direction.

Mr. Harold Albrecht: If I might add, it would be my hope that your group is bringing that message loud and clear to the department officials you're discussing your concerns with, as well.

Mr. Bernard Courtois: Oh yes, the channels of communication are there, and we are looking forward to getting the results.

Mr. Harold Albrecht: Thank you, Madam Chair.

The Chair: We'll go to Monsieur Proulx.

[Translation]

Mr. Marcel Proulx: Mr. Comtois, you made one point that struck me. You said a little earlier that, if the changes had been made or had been made in the way the department wanted to make them, there would probably have been only two Canadian manufacturers who could have supplied the necessary furniture to the Government of Canada.

Am I to understand that, if there are only two suppliers, that means there's a big chance there would be suppliers from outside the country, that is from the United States or Asia? Can you enlighten me on that subject, please?

Mr. Michel Comtois: Yes. Traditionally, the government does most of its procurement during a period of roughly three months every year. That's well known in the industry,

[English]

the crazy month of March.

[Translation]

That requires large production capacity on the industry's part, in very short timeframes. So if an SME got a very big contract for the government as a whole, it would have to produce four times as much over three months, then subsequently dismiss everyone, then do the same thing the following year.

Mr. Marcel Proulx: So it's highly likely that the purchases would be made outside the country.

Mr. Michel Comtois: There would nevertheless have been two Canadian companies.

Mr. Marcel Proulx: There would have been two companies, but circumstances would have dictated that the rest would have come from outside the country.

Mr. Michel Comtois: Yes, that could have been a possibility.

[English]

Mr. Marcel Proulx: Mr. Egan, you talked to us about the access to information request that your association made to Public Works in regard to their plans. Can you tell us when that request was made? I understood from you that the department had requested an additional delay, from the 30 days to the 120 days, or 150 days.

It's probably because their photocopier was down, or something. Now that they know that Mr. Fredette can help them, it will come, I'm sure.

Can you tell me when it was requested?

• (1230)

Mr. Meredith Egan: I don't have an exact date. I can certainly get it for you, but I don't have it with me today.

Mr. Marcel Proulx: Would you please let us know through the committee when that request was made?

Mr. Meredith Egan: Yes, I will.

Mr. Marcel Proulx: Mr. Ingle, I understand that you started very young in the business, and that's why you have so many years of experience. Have you ever lived through anything similar to this—anything in the sense that we hear most of you saying that in the past

there was excellent cooperation with the department and now all of a sudden things have broken down? Have you ever lived such frustration in your many years of experience?

Mr. Jeremy Ingle: First of all, sir, I now realize why you're a politician.

Some hon. members: Oh, oh!

Mr. Jeremy Ingle: To be honest, I've never known anything quite on this magnitude. There was one instance many years ago, when Public Works and Government Services did sort of sideswipe us a bit. It was absolutely minor compared to this. This has been a major change, and personally I am absolutely horrified at what's been going on.

Mr. Marcel Proulx: Mr. Ingle, a little while ago you touched on the possibility, or I should say the fact, that you would be forced to have coalitions of your members of small companies. Am I right in comprehending that most of your member companies are small or medium-sized enterprises that have been built over the years by individuals—whether it was by you or Madame Cloutier?

These are businesses that were started from just about zero and built over a period of five, ten, fifteen, twenty, and thirty years, with impeccable service to the Government of Canada. Then suddenly we end up in a situation where you might have to forgo all of that building through all those years to form a coalition. Am I right in understanding that, sir?

Mr. Jeremy Ingle: I think that's a very good summation of the situation. Certainly a very large number of companies under what was proposed—what concerns us is that this RFSO is still on the table, and the government is still insisting on talking about this, as opposed to saying okay, let's really get back to basics and talk about what should be done—would have to go out of business.

They have been built up over a number of years. I got into this business 21 years ago with my wife, and we built this business from nothing. Although government is only part of our business, it's an important part. It's not the whole part, but it's a very important sector, because we supply all sorts of services within the staffing service sector.

And yes, what they were proposing would have put all these small businesses completely out of business, because the government is such an important customer here.

Mr. Marcel Proulx: Thank you.

May I suggest, Madam Chair, that any of the witnesses who might have a résumé to table could also do so through the clerk of the committee, along with other copies.

The Chair: It's Madame Thibault's turn now; she's been waiting a long time.

Mr. Marcel Proulx: They might have good reasons why a trip to London would have been good.

[Translation]

La présidente: Ms. Thibault, go ahead.

Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Mr. Egan and Mr. Ingle, don't be afraid, you can answer me in English.

First, I want to thank you for your candour and your honesty. We often say it's refreshing to hear people speak so directly. That's why we ask people like you to come and testify. In one sense, it's sad to say that I'm savouring Mr. Ingle's remarks, but that's the truth. Even though that observation is unfortunate, when a person really tells you what's going on, that's invaluable for parliamentarians like us.

Mr. Comtois, you gave me at least the impression that you were a little more optimistic. You may correct me if I'm not using the right terms to reflect your remarks. We know that a consultation was held through the Conference Board, but was it confidential? There were even fears that they were merely information sessions.

Why are you so optimistic? What have you observed, in concrete terms? I know that's not the case for other sectors, but, for you and those you represent, what's giving you a good impression and leading you to believe that the government will come up with intelligible, intelligent solutions that respect private enterprise? We'd be very happy to hear that.

• (1235)

Mr. Michel Comtois: I hope that, in six months, we won't be saying that we were naive. I believe what people tell us. We believe what we see. We think people are acting in good faith.

In fact, we've had these indications for a few weeks now. I spent an enormous amount of time working on this issue this summer, to my great disappointment and frustration, because I would have much preferred to continue developing my company rather than fight my own government.

We're told this is what should happen. That's already a much better tone than the one they used on June 8 to tell us that it wasn't a consultation but rather a briefing session, that they were going to proceed as planned, while thanking us very much.

I hope the government and PWGSC will keep their word and continue in this direction. We have no assurances that they will listen to what we have to say. All we're being told right now is that they're ready to continue working with us. We hope they're sincere.

Ms. Louise Thibault: As Mr. Alghabra, my Liberal colleague, said, that's quite a coincidence and I find it extraordinary, but let's forget the coincidence. I'm very pleased that it was announced yesterday that something else was happening. All the members of this committee have contributed to that, and so much the better if it's helpful.

I'd like to go back to one aspect. You said we went from 141 companies to seven, and we're even talking about only two. What happened to the competition? Two companies: that isn't competition. I'm not talking about the case of products that are so scarce that only two companies in the world sell them; I'm talking about companies like yours that sell products that, even if they're important, aren't as scarce as that. What happened to the competition?

Mr. Michel Comtois: That's why all the associations in the furniture industry are telling you that the best way to ensure strong competition is to keep an open market. You have to avoid having a process whereby the only person that meets all the production capacity requirements of a call to tender is also the one with the lowest bid.

Requiring large production capacity over a very brief period of time excludes all businesses. If only two are left, they'll compete with each other. If it turns out that they are the two companies that had the most expensive products — I'm not at all saying that's the case — the government will ultimately pay more than it would have paid if the call for tenders had been open to the entire industry.

Ms. Louise Thibault: Do I have any time left? Thank you.

Mr. Ingle, I'm very interested — and I suppose my colleagues are as well — in knowing the name of the official you referred to earlier. I don't remember it. In a very brief and summary document... You referred to a letter that you sent in February to which you did not receive a reply. You also talked about other things. I'd like to know the dates.

I am the Bloc québécois critic for Public Works and Government Services. I meet with the minister from time to time. Since I can't see him in the House, because he is not elected, I have to meet him at one of his offices, in Montreal, here or in the Senate. I make it a point of honour to meet with him regularly, as well as with his deputy minister.

If the parliamentary secretary, my colleague opposite, was respectful, he would stop playing with his Blackberry and at least pretend to listen to you. Incidentally, Madam Chair, I find that unacceptable. This is the minister's representative here.

I'd like to know the facts in order to do a follow-up and ensure, as far as possible, that this doesn't happen again, not only to you, Mr. Ingle, but to any other person who deals in good faith with Public Works and Government Services. This is an offer I'm making to you, but I'd very much like you to send that document to the clerk so that she can forward it to us. I'll then follow up on it.

Thank you.

• (1240)

The Chair: Thank you, Ms. Thibault.

[English]

Mr. Wallace.

Mr. Mike Wallace (Burlington, CPC): Thank you, Madam Chair.

Thank you for attending today.

I'd like to ask the analyst a really quick question during my time.

Hon. Diane Marleau: Sure.

Mr. Mike Wallace: The small business part that my friend from Mississauga brought up, was that not created under the Liberals' organization?

Mr. Philippe Le Goff (Committee Researcher): It was launched under the Liberals.

Mr. Mike Wallace: It was launched under the Liberals. Thank you for that clarification.

The fact is—

Mr. Marcel Proulx: You kept it, didn't you?

Mr. Mike Wallace: But you were blaming us for it not working, my friend.

The issue here today, part of the issue, is that most of us around the table on this side are here to protect the taxpayer. I was part of March madness; I used to sell furniture for a company in Canada. I used to have a very good commission paycheque after March, no doubt about it. I've inquired to our public works people about whether we've ended that process of me selling all kinds of filing cabinets and having them delivered in March whether they were needed or not.

Mr. Marcel Proulx: Are you going to reimburse your commission?

Mr. Mike Wallace: Thank you for your input.

Overall, I think I heard today that you do agree that it is the government's role and it is appropriate to try to reduce costs by 10% and to try to improve the procurement time by 50%. I don't need an answer; giving nods will do. Everybody sort of agrees on that approach. So from an approach point of view, we're doing the right thing in terms of trying to improve the process for procurement. Would that be correct?

I also have a wife who used to work in the temporary services business, so I have a question for you guys afterwards, just for clarification. But what is your definition of the difference between quality and price? I used to be a municipal councillor, and we always had this discussion that governments often buy on price, and that isn't necessarily the best quality, but how do you get around those two issues? I'm willing to take anybody's response on that.

Mr. Bernard Courtois: In our business, it's very often how you define what you're going to buy. Just to give you an example, you can take on a project to develop a solution that can generate considerable savings. You might decide that you need your best capable person to run that project and that person might cost twice the price of someone else but might give you a result that's much better, within time, and so on. You might decide that instead of doing it that way, you're going to focus on the price that you pay for that one person and you're actually going to hire two or three people at a lower price than the one true expert. You might wind up with a project that won't finish on time, will overrun on cost, and so on. So for us it's very important.

One of the things that happens in this area is that you need to take into account the employee-based companies. They can be very large, or they can be very small. What we call "employee-based companies" would be the ones that have specific processes to ensure consistent quality, training of their people, project management expertise, and so on. So when you buy a project, you buy a solution as opposed to buying a task, as opposed to taking an expert and saying, "I'm going to hire that expert per day", and so on, which then gets to spill over and confuse the idea that you're buying temporary help.

Mr. Mike Wallace: So it's not the cheapest. It might be the total solution.

Mr. Bernard Courtois: That's right. If you define that you're going to buy a desktop based only on the cost of the box—and I'm not saying they do this—if you take into account the applications it comes with, how complex and expensive it's going to be maintain and upgrade, who's going to do the upgrading, if you buy the whole service during the life cycle, that might represent \$100; the box

might cost \$15. If you focus only on the price of the box, the \$15, you might be wasting a whole lot of money because you've ignored the \$85.

• (1245)

Mr. Mike Wallace: Does anybody else have any comment on that?

Mr. David Swire: The only thing I might add is that we typically look at value as being something that's defined by the customer. It's really up to the customer to decide what value is, or quality.

Then it comes down to who's the customer. We have to make sure that when we talk about a customer, we're talking about more than just the person who places the order or signs the contract. It's the person who's sitting in the chair, the person who moves the furniture. There are more people involved who define that.

One thing when we look at cost is that it's not really a price issue when we try to talk to customers, or large corporate clients or large organizations and institutional clients, when they look at dealing with this. They look at what they call "life cycle cost."

Actually you guys are very efficient, typically, in the federal government with your use of the things you buy. You keep your stuff for a long time.

Mr. Mike Wallace: Don't talk about these tables.

Mr. David Swire: Exactly. Well, we've looked around, and you do, and it's great. Really, it's wonderful; it's a great example.

But because of that, you have to look at the life cycle cost. What is the cost of owning that thing over time? Will it stand up? Will you have to replace it in a couple of months? Are there people around who'd be able to fix it? Will the company be in business? Is it flexible enough to adapt to a new need? If the need you initially bought it for disappears in two years, do you have to throw it out, or can it be adapted to something else?

Mr. Mike Wallace: I appreciate that.

I'm a little confused, Mr. Ingle and Mr. Egan. You both said sort of different things. Mr. Ingle said there is a system; it's not great, it could have some pieces improved in it. Then I thought I heard Mr. Egan say the system works. So I'm a little confused as to whether it's A or B.

You said there are 70 to 80 real suppliers on the list, and then there's a bunch of people who call themselves agencies or do little wee bits of it who are on this list. So I'm confused. Do you really think 70 or 80 is the right number on that?

Those are my questions.

The Chair: Quickly, because we're out of time.

Mr. Jeremy Ingle: I'll address the first one, because it was one of mine.

I said the system is a good system. It's not perfect, and there are improvements that could be made to it. I didn't say it wasn't good.

Mr. Meredith Egan: We've always said it was an efficient and effective system. It was developed over time and over an evolution as we changed it and modified it and fixed it up, and that was the process we were expecting to go through again. Anything needs to be adjusted and changed.

Mr. Mike Wallace: But technically there are 70 to 80 real suppliers on that list at the present time?

Mr. Meredith Egan: There are 143 suppliers on the list. The majority of the business is supplied by probably 35 to 40 suppliers.

Mr. Jeremy Ingle: In January of this year, there were 81 suppliers who actually supplied. One of those had a zero against it, so there were 80 suppliers.

The Chair: Thank you very much.

We're going to go to Mr. Alhabra.

Mr. Omar Alhabra: Thank you, Madam Chair.

I'm glad to have the opportunity to respond to my colleague. I'm grateful he brought up who created that office.

I was not complaining about the creation of the office. I was drawing attention to the fact that government claims to put emphasis by keeping this office and helping small businesses, yet it acts in a way that removes small business from conducting any business.

So maybe it was a confusing point, but—

The Chair: Mr. Alhabra, this is not—

Mr. Marcel Proulx: Order.

The Chair: Please, if you have any questions of our presenters, you can always carry on your fight with the government later.

Mr. Omar Alhabra: My comments are that the city of Mississauga and our country have a lot of small and medium-sized businesses and our economy depends on them. It's really important that we take very seriously what the businesses here today tell us.

I am sure the committee is very grateful for your presence here today. I hope the government and the House of Commons pay attention to proceedings of this committee. I hope things will change so a healthy working relationship comes out of it that maintains vibrant small and medium-sized businesses in our country.

Thank you all for coming. I don't have any questions.

The Chair: Thank you.

I might add a few points, because I know a little bit about it. I want to ask two questions.

When you go to a smaller pool of suppliers and you push the price down and somebody wins the bid, is there a propensity afterwards for the price to increase when there has to be additional work done, so that the original price does not become the end price? Does that occur?

The other challenge is that the upper echelons often don't listen to what the people who are doing the work are doing. There often is a disconnect between the top and the middle. Do you have any comments on how to remedy that particular point, and on the first point, is that occurring within your industry with some contracts?

•(1250)

Mr. Meredith Egan: I definitely would agree that the propensity is for the prices to go higher. I explained what we feared in our system with respect to the standing offer on the renewal.

We did a fair amount of research into the reverse-auction process, which was an integral part of this proposal. It's been pulled from the bid, but they talk about retaliatory pricing. They also talk about the fact that any time there's an opportunity where you're not buying exactly what's specified in the document, if you're buying something outside the specifications, that's when you really slam it to the buyer. That sort of thing would definitely have a propensity to do that.

The Chair: Thank you.

Mr. Alain Fredette: In our sector of photocopiers, it's impossible, because the prices are there. There's a freeze, and it's impossible.

The Chair: Okay. Thank you.

We'll go to Mr. Moore.

Mr. James Moore (Port Moody—Westwood—Port Coquitlam, CPC): I wanted to make a quick statement on behalf of the government.

The exchange here has been very good. I wanted to thank all of you for taking the time to come to committee, prepare yourselves, and give us such substantive information. I wanted to reaffirm to each of you and to the industries and the hundreds and perhaps thousands of employees you're speaking on behalf of who couldn't be here today that our government and Minister Fortier are absolutely committed to getting the best value for taxpayers' dollars.

We are also listening to repeated Auditor General's reports that have said the federal government can find substantive savings in the way we procure on behalf of Canadian taxpayers.

It's important to put all this within a context and a framework. Working backwards successively through public works ministers, Scott Brison, the previous minister, was a very capable, very smart man who came into the public works department under circumstances we all know about, which arrested his ability to deal with procurement reform because of the circumstances within the department. It was no fault of his.

Prior to that Don Boudria was the public works minister. He was replaced by Mr. Brison after the Boulay affair. And prior to that Alfonso Gagliano was the Minister of Public Works, and we know what he did in the department.

The Chair: And prior to that?

Mr. James Moore: My point is that this issue of procurement reform—

The Chair: Prior to that?

Mr. James Moore: Prior to that we had the esteemed chairman.

The Chair: And we did some procurement, which was in my ballpark.

Mr. James Moore: Of course we did, but my point is it's been a long time.

Mr. Marcel Proulx: She also started very young.

●(1255)

Mr. James Moore: Yes, she did.

The point is that this issue of procurement reform has been on the back burner for a very long time. We're going to do our consultations and we're going to get this right.

There is real consternation regarding the way the consultations happened earlier in the spring. We listened. We backed off, and now we're going to re-engage and we are going to get it done right. We did precisely what responsible government should do. We're going to find savings for taxpayers. We're going to make it work for everybody, and there you are.

The Chair: Thank you, Mr. Moore.

Yes, Mr. Egan

Mr. Meredith Egan: I would like to say to Mr. Moore that the government has to realize they can't have one fix for all the sectors. Everybody has unique situations, and they have to realize there aren't going to be 10% savings in certain sectors.

As Mr. Ingle said, we're a sector with 3.8% pre-tax profit margins. We're a sector that employs people with the average hourly billing rate of \$25 with a 40% burden for payroll, and there is not a lot of money in operating costs. There's not a lot of room to squeeze, so if you're going to squeeze us, if you're going to look for your 10% out of our industry, it's going to come out of the wages of the temporary worker. On average, temporary workers tend to be women and tend to be single mothers, so that's who's going to be squeezed.

Although we firmly agree there has to be procurement reform and we firmly agree there has to be accountability in how the government purchases, the government's got to realize they can't have one brush paint everything the same colour.

Mr. James Moore: Our approach will be comprehensive, and we have numerous Auditor General's reports to draw upon and consultations that we're going to do and we're going to get it right.

We appreciate the concerns, and we'll continue our conversations. The minister and the department met with many of you this week, so we are going to get this right.

Thank you.

[Translation]

The Chair: Mr. Nadeau, it's your turn.

Mr. Richard Nadeau: How much time do I have, Madam Chair?

The Chair: You have five minutes.

Mr. Richard Nadeau: Good for me!

Thank you very much, Madam Chair.

It was said earlier that the number of partners would fall from 41 to seven in the area of hiring temporary staff in government. You received that information. I think that telling people we want to reduce the number of partners without really explaining why shows extreme arrogance. Reference was made earlier to the Kearney Report, which we didn't get wind of, even here, in the committee, which says a lot about the opaque transparent approach. Please pardon the contradiction.

One of the proposed solutions was to merge businesses, which would have made it easier for you to take part in the process. My question is for Mr. Ingle and Mr. Egan.

What do you think about forming a co-enterprise so that you can respond to federal government calls for tender? Can you tell us how realistic that solution is? How would it affect your industry?

[English]

Mr. Jeremy Ingle: There are so many problems with joint bids.

First, we're a very competitive industry, so it's totally against our nature. It's not unreasonable for somebody to turn around and say "Your nature may be so and so, but circumstances force you to go against what's natural". That's one problem.

The other problem is that the margin in our business is so small you can't split. There isn't that to split. Splitting business in our business is not practical. You can't split it up. It's not like nuts and bolts.

One of the real problems we would all face is the question of liability. We have to carry insurance liability for the federal government. If we went into partnership with other companies, we wouldn't get it. We have a real problem getting it anyway on our own stance, but once you involve other parties—because insurance companies since 9/11 have got really, really jumpy—they wouldn't touch us with a barge pole.

Mr. Meredith Egan: Although I'm very fond of Jeremy and my other colleagues here, they are competitors, and I don't want to work with them on a daily basis, although since June 29 I've been pretty much working on a constant basis with them.

The other issue on a joint venture is that there has to be a lead, and that lead is the only one who could end up with the corporate experience. So I can be in a situation where I'm a secondary supplier on a joint venture, do all sorts of work over a period of time, another opportunity to bid comes out, the bid documents ask me for my corporate experience, and I can't declare having had it because I wasn't the lead company on the contract. So that would block me, or potentially block me, from other opportunities.

[Translation]

Mr. Richard Nadeau: All right.

Public Works and Government Services wants to meet with you, but if it decided to go ahead with the suggested process, what impact would that have on the temporary work industry? This new process has not yet been put in place. We don't yet know where it stands, particularly now that the government has pulled back. You were given documents in June, there was a pull-back, then you were seen again in late September, with documents similar to those presented in June, and so on. The system's quite unclear.

In the Outaouais-Ottawa region, about 5,000 persons work in this industry, 80% of whom are women. Can you tell us what the economic impact of the new process would be, on both workers and the industry?

• (1300)

[English]

Mr. Meredith Egan: Various elements within the RFP document were going to have various effects on the industry. Obviously, the potential to go from 41 companies to seven would potentially force over 100 companies out of business.

Number one, the fact they were looking at forcing the rates down was going to have a negative impact on wage earners. It would be a situation where any one of us in the industry would sit there and say, "If I were one of the seven I'd be okay for the most part, but I can't take that chance".

Number two, do I even want that business of one of seven if they're going to force the rates down so low that I'm not going to be able to provide the quality service I'm used to providing to the federal government, and the federal government is used to receiving? The margins are going to be so small, do I even want to be in this business in this city any more?

Number three, can I afford to be one of seven suppliers? Can I even go out and get the lines of credit required for me to support my payroll? You've got to understand I provide a temporary employee to the federal government on an hourly basis and I pay that employee every week and then I invoice the federal government. Eight to ten weeks later I get paid, so I'm floating a payroll on these people for eight to ten weeks. Would my bank even look at me if I went to them and said, "I have a potential for this contract; the margins are lousy on it, but I'm one of seven suppliers to it, and I need to increase my line of credit by a multitude of 20 in order to do it"? I don't think the banks would look at me.

The Chair: Thank you.

We'll go to Ms. Nash for our last question.

Ms. Peggy Nash: Thank you, Madam Chair.

I want to thank all of the representatives here today, and I want to thank you for your frankness, which I can only attribute to your genuine concern about the procurement proposal that was put forward. I commend you on your willingness, and I guess it's out of necessity that you want to keep engaged and hopefully get this process back on track, so that hopefully our procurement process will be improved without getting derailed.

We know that the government started off by paying \$24 million to a contractor—14 times their contract—in order to come up with a plan that, as you stated today, would have the effect of squeezing out small and medium businesses. As we heard Monsieur Comtois say earlier, it could also have the effect of sourcing very large contracts outside the country.

Canadian business is obviously central to our economy. Small and medium businesses are a huge part of our economy. It's a source of innovation and a huge source of jobs. It's a sector we want to continue flourishing as successful companies in Canada. We have jobs in Canada, then people pay taxes, and this creates the services and infrastructure, so that we can continue to have a healthy economy and buy goods and services.

We've heard about the impact of the current procurement procedure that's proposed by the federal government and what that could mean for the temporary work sector.

Before we end, I would like to hear from the furniture manufacturers about the impact. What is the current number of companies, the number of jobs, and what could the impact be if there is no change to the procurement process as proposed?

Mr. David Swire: It's not dissimilar. I guess the danger is that if you were to single-source suppliers, number one, you'd tend to gravitate to the companies large enough to be able to fulfill it—

• (1305)

Ms. Peggy Nash: Excuse me, Mr. Swire. How many people work in the furniture manufacturing sector today?

Mr. David Swire: What is the number?

Mr. Robert Axam: We're estimating that there are approximately 10,000 employees, working either directly or indirectly in the furniture industry, and generating approximately \$4 billion worth of business manufacturing in the country, of which the government purchases probably in the neighbourhood of \$200 million a year.

Ms. Peggy Nash: Would the government be a mid-sized purchaser, or one of the larger purchasers?

Mr. David Swire: It would probably be the largest single purchaser, if you took the group as a whole in the country.

Ms. Peggy Nash: So this change could mean fewer suppliers in the furniture sector?

Mr. David Swire: As it was originally proposed, I believe on June 8, the danger was that if the winning bidders were not present or had operations or facilities in this country, this would have an even greater impact.

Ms. Peggy Nash: Thank you very much for being here. We hope that your input and concern are reflected in changes to the procurement procedure that meet your needs for continued success. Thank you.

The Chair: Thank you very much for coming. I'm sure there'll be some changes; I'm confident. So thank you very much.

We're not going to end our meeting right away. I won't give my committee a break, so you can feel free to leave.

Mr. Meredith Egan: We were asked to provide some information, and I'm sorry that I didn't catch what information from us you were looking for.

Ms. Louise Thibault: Mr. Ingle referred to the fact that when I said "you", because you were talking about that type of business together, I was interested in finding out about your correspondence or phone calls or whatever that were left unanswered. I don't find that acceptable, and I want to raise that.

I'm sure the parliamentary secretary will do so—at least I imagine he will—but I want to do it personally as the spokesperson for the Bloc Québécois. I want to do it directly, both with Monsieur Fortier and Mr. Marshall, because on other matters, there are subjects I follow up with them. They always say if you hear something and you're not pleased or whatever, call me and let me know—don't hesitate. I won't hesitate once more.

Voices: Oh, oh.

Mr. Meredith Egan: I'll certainly provide you with that information.

It's important to know things seem to be getting better, as the other gentlemen noted. The announcement yesterday was a good sign for us. If the dialogue opens up again and it is true consultation, which I think it should be, then we can head in the right direction. We're seeing some very positive signs coming out of the ministries.

The Chair: Thank you very much.

Now to the committee, we have the report of the subcommittee on agenda and procedure of this committee, and we'd like to know whether you're prepared to accept this.

I'll ask Mr. Kramp to say a few words. Mr. Kramp.

Mr. Daryl Kramp: I'd like to seek unanimous consent from my colleagues to not have this, and I'll give you a couple of reasons why.

This committee's time is precious, and my concern is duplication, duplication due to a number of events that have happened and are happening. On four occasions we've done the same thing all over again, albeit it in different situations.

On this matter to come before the committee on the second report, number one, we've already had the Treasury Board president here, who left with time left and no further questions for him. Number two, we've had significant—

Ms. Louise Thibault: [*Inaudible—Editor*].

[*Translation*]

The Chair: He's talking about...

[*English*]

Mr. Daryl Kramp: The President of the Treasury Board left—

[*Translation*]

Ms. Louise Thibault: Madam Chair, I don't mean to cut you off, but I think that...

[*English*]

Mr. Daryl Kramp: Can I finish my statement, please?

[*Translation*]

Ms. Louise Thibault: A motion was agreed to that referred to two meetings.

[*English*]

The Chair: Okay, finish your statement.

Mr. Daryl Kramp: Thank you.

There are three other reasons, Madame Thibault, other than the fact that we left the Treasury Board president with no questions, and he was still sitting here, and I'm going, "Is there not more?"

The second point is that there has been significant discussion in the House on this issue.

The third point is that there is now a supply day on this issue in the House, going through the same thing again.

The fourth point is that we have this same issue before the other affected committees, all dealing with the same issue. We are simply

duplicating what other committees are doing, what other time in the House is being spent, and I suggest we get back to our original purpose.

Why keep on flogging a horse? I recognize people want to make some political hay on a situation like this. Let's deal with the reality, think that over, and I would have hoped you'd have suggested that. If there is more pertinent direct information you honestly feel can be beneficial, I could understand that, but when it's already coming before the House now, on a full supply day with ample hours, what are we doing wasting our time at this point? That's my thought.

Why didn't we just...? Let's get on to the next and do our jobs.

• (1310)

[*Translation*]

The Chair: Ms. Thibault.

Ms. Louise Thibault: I listened to my colleague's argument. If we have an opposition day on this subject today, I think that shows how important it is, regardless of the party.

Mr. Kramp said that he had no further questions for the President of the Treasury Board. I would have had 25 more for Mr. Moloney or Mr. Baird. The latter obviously could decide to answer himself: he is the President of the Treasury Board and he is entitled to decide how he intends to testify before this committee. However, when he spoke, I felt it was a show. First, he criticized the previous government and then patted himself on the back saying how good his government was. It was entirely normal for him to do that; we could have expected it, but I would have liked to ask technical questions and to go into greater depth — as we will be able to do next week — in order to determine how that was done.

I'm going to talk about that today in my speech. We have one item concerning some \$20 million in efficiency gains at Health Canada, which were targeted not by Health Canada, but by the Department of Finance or Treasury Board, I don't really know. Having regard to the problems that we've had with the Public Health Agency of Canada concerning things that have been cut, that were not done, regardless of the government in power...

Today we have the opportunity, since we've made the decision to hold two meetings... This afternoon, I'll go and listen to my colleagues as soon as I leave this committee meeting. I'm sure I won't get all the answers to my questions, but I'll nevertheless make my speech. If other colleagues are present, whether it be the parliamentary secretary or a Treasury Board representative, I'll be pleased to ask them questions. If that assists us in our work next week, when we study this matter in detail, well, so much the better.

We've tried to study it in a broad manner, but it's a fundamental subject, because it more particularly affects vulnerable people, minorities in Canada and services to the public, as well as the failure to cut fat from the federal administration.

[*English*]

The Chair: Okay, can I call the question on this report?

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

The Chair: I declare the meeting adjourned.

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