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# Standing Committee on Government Operations and Estimates

EVIDENCE

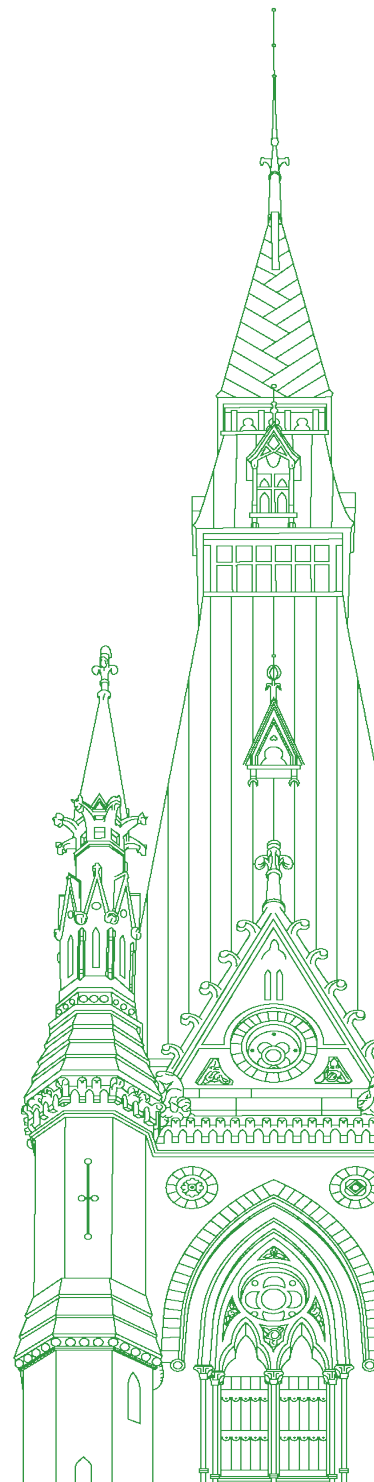
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Monday, May 3, 2021

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Chair: Mr. Robert Kitchen





# Standing Committee on Government Operations and Estimates

Monday, May 3, 2021

• (1540)

[English]

**The Chair (Mr. Robert Kitchen (Souris—Moose Mountain, CPC)):** I call the meeting to order.

Welcome to meeting number 28 of the House of Commons Standing Committee on Government Operations and Estimates.

The committee is meeting today from 1:39 on my clock, which would be 3:39 on yours, until 5:39.

We will hear from PSPC and Indigenous Services Canada as part of the committee's study of businesses owned by under-represented groups, and to discuss committee business.

I would like to take this opportunity to remind all participants in this meeting that screenshots or taking photos of your screen are not permitted.

To ensure an orderly meeting, I would like to outline a few rules to follow.

Interpretation of this video conference will work very much like in a regular committee meeting. You have the choice at the bottom of your screen of floor, English or French.

Before speaking, wait until I recognize you by name. When you are ready to speak, you can click on your microphone icon to activate your mike. When you are not speaking, your mike should be on mute.

To raise a point of order during the meeting, committee members should ensure their microphone is unmuted and say "point of order" to get the chair's attention.

The clerk and analysts are participating in the meeting virtually today. If you need to speak with them during the meeting, please email them through the committee email address. The clerk can also be reached by his mobile phone.

For those people who are participating in the committee room, please note that masks are required unless seated and when physical distancing is not possible.

With that said, I will now invite the witnesses to make their opening statements.

I see they have just come on board. Thank you.

I don't know exactly who is going to be presenting, but we'll start with Indigenous Services and then go to the next group if we can.

**Ms. Jessica Sultan (Director General, Lands and Economic Development, Economic and Business Opportunities Branch, Department of Indigenous Services):** Good afternoon.

Thank you, Mr. Chair and committee members, for the opportunity to provide an overview and update on the procurement strategy for aboriginal business.

Before I go further, I would like to acknowledge that the land on which I work and live is the traditional territory of the Algonquin Anishinabeg people.

My name is Jessica Sultan, and I am the director general of the economic and business opportunities branch at Indigenous Services Canada.

Federal procurement is a powerful catalyst for economic development. Since 1996 the procurement strategy for aboriginal business managed by Indigenous Services Canada has been instrumental in encouraging indigenous businesses to procure with the federal government.

Indigenous Services Canada last appeared before this committee in November 2017 to provide an overview of the procurement strategy for aboriginal business. That appearance was included as part of a June 2018 committee report on modernizing federal procurement, which contained 40 recommendations, eight of which were aimed specifically at the procurement strategy for aboriginal business.

Since the release of this report, Indigenous Services Canada has continued with an indigenous procurement modernization initiative. As part of this initiative, Indigenous Services Canada has engaged with numerous stakeholders, including but not limited to indigenous economics development organizations and their members, national and regional indigenous organizations, organizations that represent modern treaty rights holders, and various levels of government in Canada and internationally. The feedback from these engagements was summarized in a discussion paper that was posted on the public-facing ISC website in mid-2019.

In December 2019, the Prime Minister made a commitment to have at least 5% of federal contracts awarded to businesses managed and led by indigenous peoples. The Department of Indigenous Services Canada, along with Public Services and Procurement Canada and the Treasury Board of Canada Secretariat, have been working collaboratively to implement this 5% commitment, while concurrently pushing forward with the modernization of the procurement strategy for aboriginal business.

At the outset of the COVID-19 pandemic, Indigenous Services Canada supported the establishment of an indigenous business COVID-19 task force, which brought together the leadership of indigenous business organizations to provide the Government of Canada with a single, unified indigenous business voice during this time of crisis.

Also of note, in December 2020 the deputy minister of Indigenous Services Canada sent letters to 92 federal departments and agencies requesting that they set multi-year indigenous procurement objectives as required by the procurement strategy for aboriginal business.

In January 2021, the Minister of Indigenous Services Canada and the Minister of Public Services and Procurement Canada sent letters to their counterparts again reiterating the importance of these multi-year indigenous procurement objectives.

Thank you for the opportunity to provide opening remarks. It is a pleasure to be here with you today.

**The Chair:** Thank you, Ms. Sultan.

Now we'll go to PSPC.

**Mr. Lorenzo Ieraci (Acting Assistant Deputy Minister, Procurement, Department of Public Works and Government Services):** Thank you, Mr. Chair, and good afternoon.

Before we start, I'd like to acknowledge that the land on which I work and live is the traditional territory of the Algonquin Anishinabeg people. We acknowledge the importance of continued work towards economic reconciliation for indigenous people.

My name is Lorenzo Ieraci and I'm the acting associate assistant deputy minister for procurement. I am pleased to be here to speak about the progress Public Services and Procurement Canada has made since our last update to the committee. Joining me today is Clinton Lawrence-Whyte, director general at the office of small and medium enterprises.

Public Services and Procurement Canada has come a long way since the tabling of the committee's report on modernizing federal procurement in June 2018. Canada's prosperity, more than ever, depends on ensuring that all Canadians have access to the economic tools and opportunities to build their businesses, including opportunities to access federal procurement.

The COVID-19 pandemic has had a significant effect on Canadians, and it has disproportionately impacted women, indigenous peoples and Black, racialized and other ethnic communities.

• (1545)

[Translation]

The pandemic has also demonstrated that we must eliminate long-standing gender inequalities and systemic racism in this country. Minister Anand's mandate letters and the Speech from the Throne commit our department to increasing supplier diversity and leveraging procurement processes to achieve socioeconomic goals. The 2021 budget also reaffirmed the importance of continuing to modernize federal procurement and creating opportunities for Canadians and the communities in which they live.

As Canada's largest purchaser—more than \$20 billion is spent each year on goods and services—Public Services and Procurement Canada has an important role to play in ensuring that the economic recovery leaves no one behind.

Since 2018, we have made significant progress in modernizing our procurement processes and advancing socioeconomic outcomes through procurement. By implementing measures such as the eProcurement Solution and improving our Buyandsell.gc.ca website, we are helping to remove barriers that prevent small businesses from participating in federal procurement.

[English]

To increase the diversity of our supplier base, our department assessed various ways of incorporating socio-economic consideration into the government's procurement processes, such as including more under-represented groups. In January 2021, Public Services and Procurement Canada launched the Black business procurement pilot as a tangible first step to expand procurement opportunities for Black entrepreneurs. Moreover, our office of small and medium enterprises provides education and assistance to under-represented groups across Canada, and is developing coaching services for businesses owned by diverse groups.

Our department has also been working to include indigenous businesses in procurements. Together with Indigenous Services Canada and the Treasury Board of Canada Secretariat, we are creating a target to have at least 5% of federal contracts awarded to businesses managed and led by indigenous people. Over the last three fiscal years, and in its role as a common service provider, our department has awarded an annual average of \$442 million through nearly 1,500 transactions, such as contracts, call-ups and amendments to indigenous suppliers. Including indigenous benefit plans and procurement activities and offering awareness and education services through our office of small and medium enterprises increases the possibility of indigenous peoples and businesses competing successfully for contracts, as well as for participating in employment and training opportunities.

[Translation]

In 2018, our department also established the Accessible Procurement Resource Centre, or APRC, to help federal departments and agencies incorporate accessibility criteria into their procurement needs. Overall, our initiatives are aimed at identifying barriers faced by people with disabilities, both as end users and as suppliers.

[English]

Together, these initiatives are seeking to bring a positive economic impact to thousands of Canadian small businesses, including those led by under-represented groups.

We are also implementing a social procurement policy for our department and will be developing a social procurement program, which will provide additional guidance on how to operationalize and implement social procurement. Public Services and Procurement Canada will also start collecting data to inform decision-making on social, accessible, green and indigenous procurement. As we move forward, we will continue to work with our federal partners on government-wide initiatives to increase bidder diversity, as well as enable the inclusion of socio-economic outcomes for all federal procurements.

In closing, I note that we are motivated to move forward with this very important work. We have taken important steps, but we know that more needs to be done. Our goal is to ensure that government procurement provides opportunities for all, and we are continually moving in that direction.

Thank you.

**The Chair:** Thank you, Mr. Ieraci.

We'll now go to questions, starting with Mr. Paul-Hus for six minutes.

[Translation]

**Mr. Pierre Paul-Hus (Charlesbourg—Haute-Saint-Charles, CPC):** Thank you, Mr. Chair.

Good afternoon to the witnesses.

The Innovative Solutions Canada program was launched in December 2017. So the 2019-2020 report was tabled two or three years after its implementation.

In the “Challenge Stream” component of this report, funding provided to companies, particularly in the technology and health fields, is discussed. Recipients of funding included 60 businesses. No indigenous businesses received funding, no businesses run by people with disabilities received funding, and only two businesses run by women received funding.

Is there a reason for this?

• (1550)

**Mr. Lorenzo Ieraci:** Thank you for the question.

The Innovative Solutions Canada program is managed by Innovation, Science and Economic Development Canada, or ISED. So I'm not in a position to answer the question directly, unfortunately. My colleagues who work in that department would be better able to answer questions about the parameters of the program and how it is managed.

**Mr. Pierre Paul-Hus:** So none of the three witnesses here today can answer these questions.

I assume the same will be true for my next question. In the 2019-2020 annual report, it states that only 2.6 % of the companies that applied to the programs were majority women-owned companies.

In your opinion, is this low percentage normal?

**Mr. Lorenzo Ieraci:** Again, our colleagues at ISED would be better placed to answer a question about the Innovative Solutions Canada program.

I know, however, that the program, which was developed by our colleagues at ISED, is intended to encourage innovation in technology. Unfortunately, I don't know how the program is doing to ensure that companies are aware of the program and understand how it works.

**Mr. Pierre Paul-Hus:** This program was put in place by the Liberal government, and it was my Liberal colleague who wanted to study it today. We're trying to ask the right questions to understand what happened. Having said that, I understand that this is the responsibility of another department, and I don't blame you at all.

I would still like to go back to the “Challenge” component. Of the companies that applied to the program, 2.6% were majority women-owned, and of those, 2% received funding.

I assume you can't tell us why some companies were selected and others rejected, because that is a matter for ISED. Am I wrong?

**Mr. Lorenzo Ieraci:** That's right. ISED representatives would indeed be in a better position to answer your question.

I can mention one point, though, that I hope will be helpful. The Office of Small and Medium Enterprises, or OSME, is one of the organizations that is part of our department. OSME has offices across the country, and one of its activities is to ensure that businesses view the Government of Canada as a potential client to which they can provide goods and services.

Some businesses may not think of the Government of Canada as a potential client. Through its activities, OSME ensures that businesses are aware of this fact, and helps them by explaining the procurement system. It lets them know what opportunities exist and explains how to be part of the procurement system.

**Mr. Pierre Paul-Hus:** Thank you.

Now let's go back to the committee's report, which was tabled in June 2018 and included about 40 recommendations.

Could you tell us what proportion of the recommendations have been implemented? Are we talking about 20%, 30%, 40 % of them?

**Mr. Lorenzo Ieraci:** We are already in the process of implementing almost all of the recommendations for our department. Several of these recommendations deal with simplifying the federal procurement system. Two of our activities in this area would be of interest to the committee. The first is the implementation of our electronic procurement system, which we are implementing to simplify the process for suppliers. We want them to be able to register and find procurement opportunities without difficulty.

The second is about simplifying contracts. One of the recommendations and some of the comments we received mentioned that it was not always easy or obvious to understand procurement-related documents.

So we are addressing two elements. On the one hand, we want to simplify how documents are presented and how they can be found and accessed so that suppliers can easily find the information they need. On the other hand, we are looking at how we can simplify the text. We've been told in the past, and we're still being told, that the information is still quite technical and uses legal language. So we're looking at how we can make these documents easier to understand.

● (1555)

[English]

**The Chair:** Thank you, Mr. Ieraci.

[Translation]

**Mr. Pierre Paul-Hus:** Thank you.

[English]

**The Chair:** We will now go to Mr. Jowhari for six minutes.

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

Thank you to both our witnesses.

Mr. Ieraci, it's good to see you again. It's good to have you back in our committee.

Let me start with Madam Sultan.

The minister's mandate letter includes a target of 5% for contracts with indigenous businesses. How are you or your department working to meet that 5% minimum of contracts for indigenous businesses in the procurement process? How are you partnering with them? Do you have any results to share with us in terms of what the current situation is and what the results of the previous work you've done are? What have we moved toward?

**Ms. Jessica Sultan:** Thank you for the question.

I would be pleased to respond on behalf of Indigenous Services Canada.

I will note that it is Public Services and Procurement Canada that is, in fact, the lead on the 5% target. We are working very closely with them as well as with the Treasury Board of Canada Secretariat.

We're in the process right now of working through how this target will be put in place, specifically on the part of Indigenous Services Canada, in addition to working with our two partner departments. We're undertaking significant outreach with various indigenous organizations to ensure that we appropriately understand both the opportunities and the potential challenges of having more participation by indigenous businesses in federal procurement.

In addition, we are undertaking extensive training and a provision of knowledge internal to the Government of Canada both in terms of the practical aspects of undertaking procurement and also in terms of cultural awareness to ensure that federal public servants

are knowledgeable about how they can procure with indigenous businesses.

Another step we're taking in a tangible way is increasing our outreach and encouraging businesses to register on a database called the indigenous business directory, which is the authoritative source of indigenous businesses listed with the federal government. It is a place where federal procurement officers can look to find indigenous businesses that they may be able to work with in order to fulfill a procurement requirement through an indigenous business.

Thank you.

**Mr. Majid Jowhari:** Thank you, Madam Sultan.

Mr. Ieraci, I understand that your department has been working with under-represented groups and SMEs. I've had the pleasure of working with you and your department a number of times in York region and in my riding of Richmond Hill, where we have benefited from input by OSME.

What specific actions has the department taken to reduce the barriers for the under-represented groups, and what result have you seen from these actions?

**Mr. Lorenzo Ieraci:** Thank you for the question, Mr. Chair.

In a moment, I'll turn it over to my colleague, Mr. Lawrence-Whyte, who will speak a bit about the office of small and medium enterprises and what they're doing to be able to support small business in terms of federal procurement.

To answer the question more directly, there are a couple of things that we are doing and have been doing to seek to remove barriers. What I would note is that some of the barriers to entry in terms of procurement impact all small and medium-sized enterprises regardless of ownership.

I mentioned two of the things previously. One, we're implementing the electronic procurement solution. This solution, which we're rolling out now, is going to make it easier for companies to register for federal procurement, to find opportunities on the new CanadaBuys website and to be able to participate in federal procurement.

I mentioned contract simplification. I don't necessarily want to repeat that as well, but one of the things we have been doing is really increasing the level of outreach and engagement with under-represented groups to raise awareness of federal procurement opportunities.

If the chair will permit, I'd like to turn it over to my colleague, Clinton Lawrence-Whyte.

● (1600)

**Mr. Clinton Lawrence-Whyte (Director General, Office of Small and Medium Enterprises and Stakeholder Engagement, Department of Public Works and Government Services):** Thank you very much, Mr. Chair, and apologies in advance. I have some microphone challenges, so I'll do my best to speak in a clear manner.

As mentioned, I'm the director general for the office of small and medium enterprises. One of the key elements of our mandate is to improve access to federal procurement for small and medium enterprises. We have been putting a particular focus on access for disadvantaged groups, and OSME has been working quite hard. We have a group of six regional offices that enable us to have active involvement in communities in providing support and outreach to these communities.

Our activities are basically grouped around three sorts of main areas in terms of how we support. The first area would be awareness, where we try to make sure that we're involved in activities so that we're enabling members of these communities to understand what it is that we offer. We work and participate in different events to make sure there's awareness of OSME and that what we offer is clearly understood.

We also undertake related educational activities. It could be free webinars. It could be presentations on how to bid or on other types of support that will enhance the knowledge of some of these communities on how federal procurement works.

Finally, it's assistance. We are open to folks just reaching out to our offices to have one-on-ones or other supports so they can be walked through and exposed to what they need to know to be confident and want to participate in federal procurement.

We do work quite actively to make sure that we are enabling these communities to understand procurement and to ultimately have success in the federal procurement process.

Thank you.

**The Chair:** Thank you, Mr. Jowhari. The timing was perfect.

Now we'll go to Ms. Vignola for six minutes.

[Translation]

**Mrs. Julie Vignola (Beauport—Limoilou, BQ):** I will also revisit the committee's June 2018 report on modernizing government contracting for small and medium-sized businesses as well as women-owned and indigenous businesses. Small businesses rarely have the funds or resources to pay a full-time person to research government sites for potential contracts or to handle the paperwork associated with the Public Services and Procurement Canada, or PSPC, procurement process.

The same finding is evident from the committee's recommendations in June 2018 and several meetings it has held since January 2020: it is important to simplify the process and support small businesses.

What are you doing to reduce the administrative burden associated with the PSPC process for small businesses seeking to supply goods and services to the Government of Canada?

**Mr. Lorenzo Ieraci:** Thank you for the question.

I'll go back to the report that was filed in June 2018. One of the comments we received from suppliers was that it is quite difficult for them to find contracting opportunities on the Buyandsell.gc.ca website. The good thing is that there is a lot of information on this site, but for SMEs, this abundance of information is problematic.

So we created an email notification system. When a company undertakes a search for goods or services that are related to their field, once they register, they receive free emails that notify them each time a new document associated with their field of interest is published on the Buyandsell.gc.ca site. This eliminates the need for companies to search regularly, if not daily, for potential business opportunities. Once they are registered, they can receive notifications.

I talked earlier about simplifying contracts and electronic systems, but I'll stop here.

• (1605)

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

Also in the same report, it is recommended that training be provided to procurement employees to develop their federal contracting skills and expertise in agile, results-oriented procurement methods.

Have employees had such training?

**Mr. Lorenzo Ieraci:** We have already started working on agile procurement, and we are in the process of finishing the training sessions on the topic. I would tend to say that agile procurement applies primarily to the IT area, where we are looking for solutions to problems or opportunities.

So the training is being completed to help increase the knowledge of procurement officers in the area of agile procurement.

**Mrs. Julie Vignola:** Who is going to deliver this training at the end of the day?

**Mr. Lorenzo Ieraci:** The training is delivered by PSPC experts with knowledge and experience in agile procurement in the federal government. We are the department with the most experience in this area.

These experts hone their knowledge and skills with information they receive from third parties in the IT field.

**Mrs. Julie Vignola:** That's interesting, because my office had just asked the library for information on purchases and sales, so the procurement process. We were the first to ask for that information. It's interesting to know that you have experts in-house.

In the report, the committee recommended adopting the principles inherent in agile, results-oriented procurement methods, including multidisciplinary procurement project teams for bidding that promote iterative feedback processes.

Have these teams been established?

How are the outcomes attributable to the application of these principles evaluated?

**Mr. Lorenzo Ieraci:** This is a bit difficult to answer. I apologize in advance, because there are several things to consider.

In response to the first question, teams are set up based on specific procurement projects, which help find the resources needed to increase the likelihood of successful procurement approaches.

As far as the approaches go, we have used them in a half-dozen cases. In these cases, the agile process is intended to work very closely with the customer or the department that we are buying the goods or service for. In our case, it's usually IT services.

Essentially, it's to give us the opportunity to deal with multiple vendors that produce prototypes. We then try out the prototypes to determine which ones might work for us. Then we choose the approaches we might use to move forward. The vendors involved in the process are aware, from the beginning, of the approaches that will be used.

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

[English]

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

We'll now go to Mr. Green for six minutes.

**Mr. Matthew Green (Hamilton Centre, NDP):** Thank you.

I've certainly enjoyed listening to the interventions. I also really appreciate this committee's allowing us to dig into this issue. As many of you know, this is a topic of keen interest, finding the outcomes for equity policies that are in place.

I'm going to take my time to explain, to my understanding, the federal contractors program. Then I'm going to invite a witness response on where that program is and how it might be coming along in terms of outcomes. We heard today in opening statements that a lot has happened since the 2018 reports, so I'm keenly interested.

For the purpose of this meeting, the federal contractors program, which is a program for employment equity, was established in 1986 and is administered by ESDC. It's stated that it requires suppliers with 100 employees or more that have federal contracts worth \$1 million or more to take steps to hire from employment equity groups. This is a beautiful stated outcome that they're looking for. These groups include women, members of visible minorities, aboriginal peoples and persons with disabilities. It also states that a supplier must set related goals and monitor the progress towards them.

The contractor policy also specifies that once a supplier is awarded a contract of \$1 million or more, it is then required to honour its agreement to implement employment equity as an ongoing obligation and not simply during the life of the contract. This is an important clause: Non-compliance with or withdrawal from the program may result in the termination of the contract and result in the supplier's placement on the federal contractors program limited eligibility to bid list. This list makes the supplier ineligible to do business with the federal government until it has been found to be in compliance.

On the surface, it sounds like a policy and a program that has real teeth, that states what it wants as an objective, that clearly delineates and defines the ways in which this program should be audited.

However, to date, nobody has been found to be out of compliance, and there are no suppliers on the limited eligibility to bid list.

My question, through you, Mr. Chair, given the fanciful way in which this federal contractors program is being promoted and talked about as outcomes-based procurement, is this: Would the ADM care to comment on how it can have a program of this size and scope and yet have absolutely nobody currently named on the limited eligibility to bid list? Is it so good that every company over 100 people with \$1 million contracts is adhering to this?

• (1610)

**Mr. Lorenzo Ieraci:** I appreciate the context and the information that was provided. Unfortunately, I'm not sure how great the response is going to be. The monitoring of the compliance is undertaken by Employment and Social Development Canada. If ESDC were to flag to us that there was a concern with a company that was not adhering to its requirements, we would use the provisions or clauses that were mentioned during the question in order to be able to rectify the situation.

In terms of whether this is a sign that the program is working as intended or not, I don't know that I can necessarily speak to that. That question may be better answered by colleagues over at Employment and Social Development Canada.

**Mr. Matthew Green:** Through you, Mr. Chair, would the witness not agree that, on the face value of it, if there are departmental plans to be had and when we're looking at the size and scope of some of these businesses, not one—I had to actually do a motion at this committee to get the disaggregated data—is on the limited eligibility to bid list? I raise this with you, because a note is that the Pay Equity Act under the federal government would also require the Minister of Labour to administer a federal contractors program for pay equity, which is expected to extend pay equity requirements to federal contractors in a manner similar to the FCP. If we already know this to be.... I'm going to call it a failure, quite frankly. It sounds great on paper, but it's all process and no outcomes.

What do you recommend that we put in place to ensure that the stated policies that our government currently has, which would be in your purview in terms of the procurements programs you've outlined here today...? How do we make sure that we actually get to outcomes and don't just bandy about the language of equity without actually having a commitment to it?

**Mr. Lorenzo Ieraci:** Thank you, Mr. Chair.

To respond to the question directly, I think it may be beneficial for the committee, as part of its study, to request Employment and Social Development Canada to explain their approach in terms of how they undertake monitoring and compliance of this particular program.

As I indicated, they may be in a better position to talk about how they go about doing the monitoring and compliance aspect.

• (1615)

**Mr. Matthew Green:** For my last question—

**The Chair:** Thank you, Mr. Green.

**Mr. Matthew Green:** I guess I'll get you in the next round. Thank you.

I appreciate the candour of the witness, Mr. Chair.

**The Chair:** Thank you.

We'll now go to our second round, and Mr. McCauley for five minutes.

**Mr. Kelly McCauley (Edmonton West, CPC):** Thanks, Mr. Chair.

Witnesses, thanks very much.

Mr. Ieraci, this committee, in 2018, tabled a rather extensive study on procurement, including for women and indigenous. There were 14 specific recommendations in that study, and you mentioned that measures are being taken.

Of those 14 specific ones regarding women and indigenous, how many were actually completed, not worked on or looked at, but completed?

**Mr. Lorenzo Ieraci:** Thank you, Mr. Chair, for the question.

If the chair will permit, I will have to come back with a written response on that.

**Mr. Kelly McCauley:** Sure, that's fine.

You talked about consulting on simplifying the bid process. Who are you consulting with?

**Mr. Lorenzo Ieraci:** Mr. Chair, there are a couple of different groups and organizations. We are able to consult with a number of national organizations through a supplier advisory committee. We can provide you with a list, in terms of—

**Mr. Kelly McCauley:** Would you provide the list? Are we including indigenous and under-represented groups?

**Mr. Lorenzo Ieraci:** Yes.

This committee is not necessarily representative of every organization. There is Cando, which I will come back to in a second in terms of what that acronym stands for. It's the economic development officers organization of Canada, an indigenous group.

We have the Black Canadian Chamber of Commerce. We have Women Business Enterprises Canada Council, or WBE Canada, and a number of other organizations where we consult—

**Mr. Kelly McCauley:** Maybe you could provide us with the list.

I'm a bit at odds on why, three years later, this committee has to bring this study back to the table. Was three years not enough to enact the recommendations brought forward by the committee in 2018?

**Mr. Lorenzo Ieraci:** Mr. Chair, there has been progress made, but I think that some of the outcomes we're trying to achieve are fairly significant outcomes, in terms of increasing the participation of under-represented groups.

**Mr. Kelly McCauley:** I'm going to ask a further question on that.

We've heard often today that we want to get to the goal of 5%. It was mentioned in Indigenous Services' departmental plan—creating a new target of at least 5%. Has that target not been the target for many years now, the 5%, or is this a brand new target? I seem to recall that this was a target earlier.

**Mr. Lorenzo Ieraci:** Mr. Chair, I can't speak to whether there was a target earlier. The first time I became aware of 5% as a target was in the mandate letter that was provided to the Minister of Public Services and Procurement in December 2019.

**Mr. Kelly McCauley:** Okay.

I have a question for you, as well as Ms. Sultan.

Peter Drucker is famous for the comment, "If you can't measure it, you can't improve it."

I'm looking at both departmental plans. Neither one of them mentions specific goals for achieving this. It's all, "to be decided", "to be decided".

With regard to your departmental results for PSPC—the last one that came out—it's the same thing: "to be decided"; "goals to be set for March 31, 2020", which of course has now passed by a year.

Why are we not actually putting in goals for such an important thing in the departmental plans?

**Mr. Lorenzo Ieraci:** Mr. Chair, I'll say a couple of things on the departmental results report that was most recently issued.

There are indicators in terms of increasing the participation of indigenous businesses, as well as a separate indicator in terms of increasing the participation of women-owned businesses—

**Mr. Kelly McCauley:** I'm looking—

**Mr. Lorenzo Ieraci:** Oh, apologies.

**Mr. Kelly McCauley:** I'm looking at departmental results: Target to be decided 2018. Not applicable. 2019, not applicable. 2020, not applicable. Departmental plans to be decided by next year, or date to be achieved by next year, but a goal to be decided. Results not applicable. Not applicable. Not applicable.

We haven't set any goals to actually hold the department accountable. We pretend to want to deliver outcomes for indigenous or under-represented or women, but then the department doesn't actually set any goals for itself. Thus we end up where we are with our 2018 study: "Well, we're working hard on it, but we don't have any outcome to show any results."

• (1620)

**Mr. Lorenzo Ieraci:** The notes underneath the departmental report in terms of the indicators for women-owned and indigenous businesses indicate the fact we're either looking to be able to establish a baseline including—

**The Chair:** Thank you, Mr. McCauley.

We'll now go to Mr. Weiler for five minutes.

**Mr. Patrick Weiler (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.):** Thank you, Mr. Chair.

I'd also like to thank the witnesses for joining us today for a really interesting study that we're doing. I have quite enjoyed the interventions.

My first question is for the witness from Indigenous Services Canada.

In your opening remarks, you mentioned that ISC is funding studies to identify indigenous capacity in specific regions and/or commodities. I was hoping you could elaborate on the work that's being done there, and if ISC has identified particular gaps that it's seeking to fill to ensure that we have more robust indigenous engagement in procurement.

**Ms. Jessica Sultan:** Thank you for the question.

One example I would point to as a tangible undertaking and outcome has been the work Indigenous Services Canada has done with Cando during the COVID-19 pandemic. A task force was led to identify where indigenous businesses could meet the demand for personal protective equipment, for example, as a response to the pandemic, and to ensure that capacity was well leveraged with the federal government's buying power in response to the need for PPE.

In addition, that study was able to identify where there were potential gaps in what indigenous businesses could provide, which was very useful to be able to target certain parts of the market and ensure we were leveraging indigenous procurement as much as possible.

There are a number of other studies. I could point also to a recent study that was undertaken by the Canadian Council for Aboriginal Business, which again outlines essentially where capacity exists and where there may be capacity gaps, which allows Indigenous Services Canada to then target our outreach and capacity building with those suppliers.

**Mr. Patrick Weiler:** Thank you for that.

You also mentioned in your opening that in the fall of 2019, ISC launched the new indigenous business directory. Could you speak to the benefits that indigenous-owned businesses get by being on this list?

**Ms. Jessica Sultan:** I would be happy to.

First and foremost, the list is a database that is known within the federal government and is used as a reliable source of information by federal procurement officers. Therefore, it would be advantageous for a business to be registered on that database, because it would raise awareness of that business and be an easier conduit by which federal procurement officers could reach that business to award a contract.

In addition, registration through the indigenous business database is also supported by education components from ISC personnel working with the businesses to ensure that business could best understand the federal procurement process and the means by which it can be most effectively navigated.

**Mr. Patrick Weiler:** Thanks for that.

As a follow-up, and maybe this is also a question for PSPC, are your departments proactively looking at the goods and services offered by indigenous-owned businesses that are not on this list, or is it more reactive to when there is a call for proposal or tenders put out for specific goods and services that the government's looking for?

**Ms. Jessica Sultan:** I'd like to start the answer and then welcome my colleague Mr. Ieraci to add, should he wish.

When federal procurement is undertaken, it's not mandatory that the indigenous business database be used unless it's a mandatory set-aside under the procurement strategy for aboriginal business.

The mandatory set-asides are located in specific areas, for example, comprehensive land claim agreement obligations. Areas where 80% or more of the population are indigenous would be another example. The procurement there would be a mandatory set-aside and therefore the use of the indigenous business database is required. However, in other procurements that are not mandatory set-asides under the procurement strategy for aboriginal business, the database is not mandatory, and therefore vendors would not be precluded from bidding on a contract if they were not on the indigenous business database.

I hope that was clear. I'd be happy to provide more response.

• (1625)

**Mr. Patrick Weiler:** It was very clear.

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

We will now go to Ms. Vignola for two and a half minutes.

[Translation]

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

Earlier, Mr. McCauley talked about the importance of setting goals so that you can measure outcomes. I come from the field of education where, for the last 15 years, we have had to have plans for each of the schools, which must include not only goals, but also ways to achieve those goals and measure the results.

Mr. Ieraci, how does your department plan to improve data capture, analysis, and reporting to diversify the federal provider pool?

If there is a perceived need for improvement, then there is a problem, a challenge, or gaps. What are those problems?

**Mr. Lorenzo Ieraci:** The databases are very important. Right now, we are having trouble identifying the participation rate of underrepresented groups and the number of contracts awarded to firms owned by underrepresented individuals. So we are working to address gaps in two areas.

First, we are building on the report filed in June 2018 and the work we have done since then. We realized that we did not have a policy in place that allows us to collect information about the companies we do business with. We are in the process of developing a policy that will give us that right.

Second, we need a system that can collect the information and save it. I mentioned earlier the e-procurement system, which allows us to collect that information. When the policy is in place, this system will allow us to get much more information about participation and contracts awarded to different groups.

**Mrs. Julie Vignola:** Why didn't this data collection exist before? We've been hearing about diversification for a long time, and this program has been around since 1986. That's 35 years, if I'm calculating correctly.

Why, 35 years later, do we still not have accurate data on this topic?

**Mr. Lorenzo Ieraci:** Thank you for the question.

[English]

**The Chair:** Thank you, Ms. Vignola. I hate to interrupt. It's a very good question.

Mr. Ieraci, if you could respond to that one in writing, it would be greatly appreciated.

We'll now go to Mr. Green for two and a half minutes.

**Mr. Matthew Green:** Very important questions are being asked here, and I'm also curious how, absent the disaggregated race-based data, they're able to define what diversity actually looks like.

PSPC sought feedback through industry consultations on the methods for verifying whether a supplier meets the definition of a diverse supplier. What was the verification method that the industries used?

• (1630)

**Mr. Lorenzo Ieraci:** A number of different approaches are used by different industries. Some will use self-attestation or self-identification. Others will rely on third party certification bodies, such as the CAMSC, which is the Canadian Aboriginal and Minority Supplier Council.

Different approaches are used by different industries in confirming or verifying the identity of a company.

**Mr. Matthew Green:** In the federal contractors program, systems for audits are in place. Does your department have within it the capability of providing audits that would keep in line with the federal contractors program, or is that solely in the purview of ESDC?

**Mr. Lorenzo Ieraci:** That's solely within the purview of ESDC. To refer to a previous question from another member of the committee, it's about obtaining identity information on the owners or managers of companies. In terms of specific employees within companies, that would be under Employment and Social Development Canada for the program that was referenced.

**Mr. Matthew Green:** Understanding that we've had set-asides that have been identified which haven't perhaps been fully maximized, and understanding that the previous speaker asked about set targets, I do want to give you the opportunity. What is the date for us to receive set targets within your departmental plan to ensure that the stated outcomes that you have presented to us in these programs are actually going to be met? Shall I expect three years from now to be back at the same spot asking you the same questions?

**Mr. Lorenzo Ieraci:** Mr. Chair, I would say two things. First, in terms of tracking, there is a distinction or a difference between indigenous businesses and indigenous companies versus what I'll call other under-represented groups, and I hope that's okay. Because of the procurement strategy for aboriginal business, there actually has been a government policy in place to enable the collection of data and information on indigenous businesses. We don't have something similar for other under-represented groups. As per my previous response, we are putting the finishing touches on a policy that will give us that authority to collect that data for Public Services and Procurement Canada procurements, and our electronic procurement solution will give us the system to be able to track that information and that data.

So, in response to your question, three years from now we should have data to be able to talk about which contracts are going to which companies and how many of them fall within different groups.

**The Chair:** Thank you, Mr. Ieraci.

We'll now go to Mr. Paul-Hus for five minutes.

[Translation]

**Mr. Pierre Paul-Hus:** Thank you, Mr. Chair.

I am still a bit flabbergasted as to why the Liberals wanted to do this study today. It was their government that put this program in place, which didn't really work. Anyway, it's their choice.

I have seen the 2019-20 departmental results report. My colleague talked a little bit about it. In terms of the results for government procurement, there is a section in there called “Government purchasing supports Canada’s economic, environmental and social policy goals.” In this section, the percentage of contracts awarded to small and medium-sized enterprises is shown and the target was met on March 31, 2020. It also shows the results for 2017 at 67%, 2018-19 at 49%, and 2019-20 at 52%. Over three years, we averaged 56%. The target was 40%. I am trying to understand why the target was lowered, when over three years the average was 56%.

Mr. Ieraci, can you explain that?

**Mr. Lorenzo Ieraci:** To tell you the truth, I have no idea. I don’t know when that target was set. Obviously, if that target is exceeded, maybe we should look at whether it’s enough—

**Mr. Pierre Paul-Hus:** Over three years, the target has always been largely exceeded: 67%, 49% and 52%. Now the target has been lowered to 40%. I was just wondering how this decision was made.

Further down, the table refers to the percentage increase in participation in procurement processes by indigenous businesses. For 2019, the annual report says “To be determined” in the “Target” column. There was nothing about this in previous years. It said “Not applicable.” Then, for 2020, it says “To be determined” again. In short, there’s nothing. My point is along the same lines as what my colleague said. There’s neither a result nor a target.

Mr. Ieraci, does this seem right?

• (1635)

**Mr. Lorenzo Ieraci:** The report before me refers to the departmental plan. With respect to the percentage increase in participation by indigenous and women-owned businesses, last year we conducted an exercise to determine how many bids were submitted by businesses in these two categories. Our information showed that 11% of the bids were from indigenous businesses and 16% were from women-owned businesses.

**Mr. Pierre Paul-Hus:** When I ask questions about these tables, I know that it isn’t always easy for you to answer them from memory. I’m just trying to understand the context for the implementation of the program, which is already almost four years old. It seems as if the program is still in its early stages.

I’ll turn to the report tabled by the committee in 2018. Recommendation 7 called for the reduction of the administrative burden on SMEs in the procurement process.

Has this recommendation been acted upon?

**Mr. Lorenzo Ieraci:** I spoke earlier about our work on simplifying contracts and setting up our electronic procurement system. This should help small and medium-sized enterprises do business with the government on the procurement side.

During my career, I’ve had the opportunity to speak with a number of business leaders regarding the procurement system. For most businesses, selling their products to the federal government, or even to provincial or municipal governments, is certainly not the same as selling their products to the private sector or the general public. The rules of the game are quite different.

I tend to tell them that we’re working to simplify the procurement system. However, that doesn’t necessarily mean that the process will become simple. It depends on the area in which we’re working. As I said, federal procurement works differently from private sector procurement.

**Mr. Pierre Paul-Hus:** Are efforts being made to implement the recommendation?

I also want to talk about payments, since this issue often comes up. We know that the processes are long.

Are there any steps under way to implement the recommendations of this report, which was prepared three years ago?

You’re talking about the new system, right?

**Mr. Lorenzo Ieraci:** Yes, but—

**The Chair:** Thank you, Mr. Paul-Hus.

[English]

Again, that’s another great question. If Mr. Ieraci could provide us with a written response, it would be greatly appreciated.

We’ll now go to Mr. Kusmierczyk for five minutes.

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

I concur. I’m rather enjoying the discussion here, and I really appreciate the excellent questions that my colleagues across the table have been asking. This has been a really enlightening conversation.

Mr. Ieraci, can you summarize for us the Black business pilot program? Tell us a little about how long it has been operational and how many procurements have been posted under this pilot program.

**Mr. Lorenzo Ieraci:** Mr. Chair, the Black business procurement pilot is something that we initiated in January. We undertook 12 procurements that were looking to be targeted towards Black Canadian businesses in Canada. They were undertaken across the country.

Of those 12 procurements, we have one that closed today, so we don’t have the information on that, and we have two that are still in evaluation. Of the 11 procurements that are closed, we were successful in receiving bids in eight of those procurements from Black Canadian businesses. Four of them did not receive any bids. So far, we were able to award three contracts to Black Canadian businesses.

This initiative was undertaken for a number of reasons, not the least of which is to continue to experiment when it comes to procurement with regard to socio-economic benefits or outcomes. Already what we've seen is that we're drawing some lessons learned in terms of how those procurements went.

One of them, as I mentioned before—and my colleague Clinton spoke about the office of small and medium enterprises—was that we started to learn that to increase participation of under-represented groups, we really need to take a proactive approach in terms of engaging with businesses directly and also indirectly. What I mean by indirectly is through organizations and associations that represent, in this case, Black Canadian businesses, so that they can in turn make sure that businesses are aware of the opportunities that exist when it comes to federal procurement.

That initiative was undertaken in January. Like I said, we have one last procurement that closed today. We're doing the assessment of it. This is part of our ongoing learning in terms of how to operationalize social procurement within our department.

• (1640)

**Mr. Irek Kusmierczyk:** Thank you. I appreciate that.

Our government also made a large investment, the first ever, through the Black entrepreneurship program, with \$221 million over four years. I believe it's being led by ISED, Innovation, Science and Economic Development, if I'm not mistaken.

I want to know whether there is an avenue for collaboration or an exchange of information between the two ministries, both through the Black business procurement pilot and the Black entrepreneurship program. Are the two programs speaking to each other? I'm just curious. Is there an opportunity for that down the road?

**Mr. Lorenzo Ieraci:** Mr. Chair, yes, the two programs are speaking with each other. I mentioned the office of small and medium enterprises. I probably should turn to Clinton and give him the opportunity to respond.

One of the things we're doing as we reach out to under-represented groups, in this case Black Canadian businesses, is that we want to make sure they're aware of not only the federal government as a potential buyer for their goods or services but also the programs that exist within the Government of Canada that they may be able to benefit from. You mentioned the Black entrepreneur strategy from ISED. There are also other activities from other departments and agencies, including the Business Development Bank of Canada and others. One of the things we try to do within the office of small and medium enterprises is to provide as much information as possible to suppliers, obviously without overwhelming them, so they're aware of the various programs and initiatives that exist in the Government of Canada so they might be able to benefit from those.

**Mr. Irek Kusmierczyk:** I imagine that especially some of the early-stage companies that haven't quite scaled yet might also benefit from the wraparound support and the early-stage support, coupled with the opportunities to bid on procurement, so I'm heartened to hear that the two industries are speaking to each other.

I have 30 seconds left, so I just want to ask you a follow-up question.

Through the Black entrepreneurship program, we also invested, I think, \$5 million in a knowledge hub to gather data and information and research on Black entrepreneurship. Is that something PSPC could also contribute to and share data on in order to get a more full-some understanding of Black entrepreneurship and procurement opportunities?

**Mr. Lorenzo Ieraci:** Thank you for the question.

Yes, we want to be able to provide information both to be able to support the activities and to be able to benefit from the analysis, research and work that are being done by other federal departments and agencies—ISED, Statistics Canada and others—so we can get a better understanding of the market capabilities and the market realities for not just Black Canadian businesses but also other groups that are under-represented in federal procurement so we can get a better picture in terms of market capabilities.

**Mr. Irek Kusmierczyk:** Thank you.

**The Chair:** Thank you, Mr. Ieraci. I appreciate that.

We'll now go to the third round, starting with Mr. McCauley for five minutes.

**Mr. Kelly McCauley:** Thanks.

Mr. Ieraci, you mentioned the three in the pilot project and how you weren't able to get quotes from Black-owned businesses. What were those contracts for? Were they large? Were they small? Do you have any idea why we couldn't get them?

**Mr. Lorenzo Ieraci:** Thank you for the question.

It's a two-part answer. First, in terms of whether they were large or small, because these were pilot projects, we undertook procurements that would be under the CETA, our trade agreement with the European Union, so they were \$238,000 or less.

In terms of why we did not obtain bids for those specific procurements, we're going to be consulting with industry associations and organizations to try to get a better understanding so we're not guessing why that is, so we can try to understand better why it is we didn't receive any.

• (1645)

**Mr. Kelly McCauley:** Who in PSPC is going to be in charge of or, hopefully, accountable for achieving the 5%, and also achieving the goals for women-led businesses, so we're not sitting here again next year looking at a "to be decided"?

**Mr. Lorenzo Ieraci:** Mr. Chair, these procurements are done within what we call acquisition programs, which involve basically two groups—defence procurement and non-defence procurement. Basically that team, which includes me, needs to get that done.

**Mr. Kelly McCauley:** Are you the person at the highest level for ensuring that this gets done?

**Mr. Lorenzo Ieraci:** Mr. Chair, I wouldn't presume to be. I'm in an acting position right now. There are other assistant deputy ministers. Obviously, our deputy minister is the head federal public servant for our department. I just don't want to make a career limiting move by saying yes.

**Mr. Kelly McCauley:** Recommendation 28 of our 2018 study called for the government to track gender-based data and diversity-based data for contracts. It's been three years already. How long before we're actually going to see that so we can set measurable goals, etc.?

**Mr. Lorenzo Ieraci:** Mr. Chair, I think in the space of, I would say, the next six months we will be able to track that. As I indicated, we have a policy now, which we're putting the finishing touches on, that will give us the authority to track that information. We are also putting in place the electronic procurement solution, which is the system that—

**Mr. Kelly McCauley:** What's taking so long? I mean, it's been three years.

**Mr. Lorenzo Ieraci:** So—

**Mr. Kelly McCauley:** Is it a lack of will from the government, a lack of will from the deputy minister, a lack of will from whomever's in charge? It's been three years.

**Mr. Lorenzo Ieraci:** Mr. Chair, for—

**Mr. Kelly McCauley:** We can't move....

Sorry. Go ahead.

**Mr. Lorenzo Ieraci:** No, I apologize, sir.

**Mr. Kelly McCauley:** I was just saying that we can't move forward on accomplishing anything unless we actually have goals. We can't just, every year, have “not applicable” or “to be decided”. Why is it taking so long?

**Mr. Lorenzo Ieraci:** Mr. Chair, there are two things on that. One is with regard to the electronic procurement solution. We are actually in year two and a half of a five-year project, so this is the year in which the system is implemented in accordance with the project charter or the project approach. I realize that this seems like a long time, but our procurement systems and the software on which they are based are antiquated systems. We need to make sure that the new system that we're putting in will work appropriately and well.

The second part is with regard to policy authority. As I mentioned, we're putting the finishing touches on a policy that will give us that authority. I would indicate that, over the course of the last couple of years, we have been doing a number of socio-economic experiments, pilots, to be able to test new things on procurement.

**Mr. Kelly McCauley:** Sorry. Let me interrupt.

Who are you waiting for the policy approval for to start tracking this?

**Mr. Lorenzo Ieraci:** That's—

**Mr. Kelly McCauley:** The authorization.

**Mr. Lorenzo Ieraci:** Mr. Chair, that's a departmental policy, so that's within our department, to be able to have that authorization.

**Mr. Kelly McCauley:** But you're waiting for that authorization to authorize you to do what the committee asked you to do three years ago. What's holding up that authorization?

**Mr. Lorenzo Ieraci:** Mr. Chair, it's not a question of it's being held up. It's that we needed to be able to draft the policy and undertake the appropriate due diligence to make sure that it will work as intended, so we're within—

**Mr. Kelly McCauley:** It's been three years. What's it going to take to get that done? What's the stumbling block here?

**Mr. Lorenzo Ieraci:** Mr. Chair, I don't know that there's a stumbling block. Like I said, we're putting the finishing touches on it, so it's imminent that we'll be able to move forward with it.

**Mr. Kelly McCauley:** Mr. Chair, how much time do I have?

**The Chair:** You have 15 seconds.

**Mr. Kelly McCauley:** Briefly, for our friend from OSME, I just want to give a shout-out to your department, especially the Edmonton-based group. It is phenomenal.

**The Chair:** Thank you, Mr. McCauley.

We will now go to Mr. Drouin for five minutes.

**Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.):** Thank you, Mr. Chair.

I want to thank the witnesses who are before this committee.

Mr. Ieraci, before our 2018 study, if I recall, or in 2017 maybe, I think you appeared as a witness, just under a different hat.

Mr. McCauley raised the point with regard to developing the policy for collecting data. My goal is not to pounce on you. I'm just trying to understand some of the challenges that you've faced, because for some of us it may seem simple. Can you talk to us about some of the challenges of developing a policy? On top of that, how are you dealing with...? I think about regulations and what comes into play in trying to reduce regulations on businesses as well. How are you going to marry these two together?

• (1650)

**Mr. Lorenzo Ieraci:** Mr. Chair, there are a couple of things that I would say on that. The first one is with regard to the development of the policy. The policy is the instrument that will permit us as PSPC, when we undertake procurements on our own behalf—for our department when we buy goods or services—or when we're buying on behalf of other federal departments and agencies, as I indicated, to be able to advance on socio-economic procurement, as well as be able to collect the information and the data.

There are a few things that we've had to look at and be mindful of. We are going to be asking companies, more specifically the owners or operators of businesses, to provide us with personal information that relates to things like race and ethnicity, and potentially sexual orientation and gender. Obviously, we need to make sure that we collect that data for operational purposes and that the collection of that data is done in a way that adheres to the obligations that we have under the Privacy Act so it won't run afoul of the Privacy Commissioner. This is just one of the elements that we've had to look at and work through as we look to be able to move forward on socio-economic procurement.

**Mr. Francis Drouin:** Thank you.

In the last study as well we had a group that was in front of our committee with regard to certifying women-owned businesses. Are you looking at the same strategy to determine that women-owned businesses are truly owned by women or by under-represented groups?

**Mr. Lorenzo Ieraci:** Mr. Chair, that is something we need to look at. There isn't a unanimous view on how we should go about doing these things, and I have a few things to say here.

First, as I mentioned, the policy is what will give us authority to do social procurement and collect data. The second thing we need to do is develop a program to operationalize social procurement, because procurement officers are going to have a lot of questions: When should they apply social procurement and for what commodities? Is it for all or none? Which socio-economic groups do they focus on?

To answer the question a bit more directly, there are numerous groups and organizations that provide various services, including, for example, definitions, certifications and providing access to databases. We're looking at that as part of the development of procurement.

On the indigenous side, we've been told quite clearly—and I think we agree with it—that defining an indigenous business or company and having databases as to which companies are certified to be indigenous should rest with indigenous groups and organizations. By and large, it's the same thing for other groups or organizations. I don't know that we would necessarily want procurement officers to make determinations as to the legitimacy of an under-represented group or company.

These are some of the things we're going to be exploring as we go forward to develop a program to implement this. As part of that, we really want to make sure to benefit from the views of organizations and associations in the under-represented communities to inform our way forward.

**Mr. Francis Drouin:** That's great. Thank you.

I probably have just 30 seconds.

Are you or OSME going to identify areas where perhaps one under-represented group needs capacity building? It can be just a matter of informing under-represented groups about what you buy or what you need services for. Are you aware of this?

**Mr. Lorenzo Ieraci:** I'll turn to my colleague Clinton to give him the opportunity to speak a bit about the office of small and medium enterprises and what its doing.

**Mr. Clinton Lawrence-Whyte:** Mr. Chair, I fully agree that engagement with some of these disadvantaged groups is critically important. As we saw during the Black pilots that were recently referenced, engagements and conversations around what OSME has to offer and how to understand procurements are critically important.

One thing we're certainly doing through our regional offices.... I acknowledge the shout-out from member of Parliament McCauley. Thanks again. Our teams in the regions are actively engaged in working with communities to make sure that their individuals are fully aware. As an example, we had an event in Ottawa on April 14 and 15 called the Small Business Information Expo. We collaborated with ISED. They had some of their programming available, as well as some private sector—

• (1655)

[Translation]

**Mrs. Julie Vignola:** I have a point of order, Mr. Chair.

[English]

**The Chair:** Thank you. I was wondering, Mr. Lawrence-Whyte, if you could put your microphone a bit closer, for the interpretation.

**Mr. Clinton Lawrence-Whyte:** Oh, yes.

**The Chair:** I apologize. I was looking around to see if there were any issues.

We have to carry on, but next time you get a chance to answer, make sure that you have the mike in front of you. I'd greatly appreciate it.

**Mr. Clinton Lawrence-Whyte:** Absolutely.

**The Chair:** We'll now go to Ms. Vignola.

You have two and a half minutes.

[Translation]

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

Mr. Ieraci, in general, what type of contracts are awarded to businesses owned by members of first nations or a visible minority group? Are these contracts for services, construction, procurement of goods and supplies, and so on?

**Mr. Lorenzo Ieraci:** Thank you for the question.

It's difficult to give you a specific answer. With respect to indigenous businesses, we found that contracts were awarded in almost every area, including computers, the provision of goods or various types of services. The same applies to businesses known to be owned by women. Studies conducted by several universities show that there are women-owned businesses in almost every industry sector.

Furthermore, studies conducted by first nations groups show that there are over 50,000 indigenous businesses in Canada and that these businesses are found in all areas and environments, with very few exceptions.

**Mrs. Julie Vignola:** The evidence shows that the pandemic has been particularly hard on businesses owned by members of first nations or visible minority groups.

How can this be explained?

What steps is PSPC taking to address this?

**Mr. Lorenzo Ieraci:** Thank you for the question.

The information on how the pandemic has affected different communities comes from either Statistics Canada or Innovation, Science and Economic Development Canada, I believe, which used to be called Industry Canada.

In terms of our efforts, we launched pilot projects with Black Canadian businesses. We also specifically and exclusively awarded contracts to indigenous businesses that were producing different types of masks so that we could respond to the COVID-19 pandemic. Through these activities, we received many bids from businesses and we were able to award contracts to indigenous businesses.

As I said, we certainly still have a great deal of work to do in this area. However, we're working on our policy and our electronic system, which will help us make things better.

**Mrs. Julie Vignola:** I assume that the upcoming data collection will also allow for—

**The Chair:** Thank you.

[English]

We'll now go to Mr. Green for two and a half minutes.

**Mr. Matthew Green:** Thank you.

I want to reference again some of the failures in which other programs have been able to identify exactly what is diverse, how they are able to audit, and who is doing that. I'll reference Employment and Social Development Canada's failed rollout for local, small, Black-led organizations, many of which, including some in Hamilton Centre, were not defined as being—quote, unquote—"Black enough" for this.

My concern is that with the potential for a \$100-billion COVID recovery plan, what can the assistant deputy minister provide the committee today by way of an assurance that there will actually be programs beyond the initiatives such as consultations and pilot programs to ensure that, out of the \$100-billion COVID recovery, equity-seeking groups are adequately accounted for and included in this economic recovery plan?

**Mr. Lorenzo Ieraci:** Mr. Chair, obviously, I can't speak on behalf of other federal departments and agencies in their rollout of their programs and activities. From a procurement perspective, as I indicated, in addition to the policy and the electronic procurement solution that we're putting in place, we will be developing a program to be able to operationalize these activities so we can identify and ensure that, when it comes to procurement, we have under-represented groups that are not only going to be participating, but hopefully....

The goal is to be able to ensure they are winning contracts when it comes to federal procurement. I mentioned the Black Canadian procurement pilot. We also undertook two years of socio-economic experimentation where we sought to diversify our supplier base through a number of procurement activities.

Those are some of the things we're doing to be able to see what will work.

The last point I would make is with regard to questions about whether companies are appropriate for whatever category or group we might be looking for in terms of the procurement. That's also the reason we want to speak with external organizations in terms of their approaches for defining, certifying and establishing databases so we are not asking procurement officers to make those decisions.

• (1700)

**Mr. Matthew Green:** Thank you.

**The Chair:** Thank you, Mr. Green.

We'll now go to Mr. McCauley for five minutes.

**Mr. Kelly McCauley:** That's great.

Mr. Ieraci, who is determining what we are talking about today as under-represented? We have indigenous women and we talked about the Black pilot, but in the broader scope, how are we determining what group is under-represented? Going forward, how is our policy looking at that?

**Mr. Lorenzo Ieraci:** Mr. Chair, right now, under-represented groups is intentionally a very broad category. I would differentiate between two groups out of respect. One is indigenous, because of the nation-to-nation relationship we have with them. The other is what I will hopefully not get myself in trouble for, but other under-represented groups would include numerous groups. It's not just Black Canadian businesses. It's other visible minorities, those with accessibility challenges, women, the LGBTQ+ community, and so on.

**Mr. Kelly McCauley:** Are we going to be setting specific goals for the general under-represented? I understand your difficulty defining that, and I'm fine with that, but in the departmental plan we have something for women and indigenous. How are we planning for some of the other groups that might be under-represented: handicapped, Indo-Canadian and other demographics?

**Mr. Lorenzo Ieraci:** Mr. Chair, that is a really good question for which I don't have a very good answer. It is one of the things we're looking at—how many different groups. Within groups, of course recognizing that groups can be subdivided a little further, there are always additional levels of granularity.

Our policy basically leaves under-represented groups at a fairly high relatively macro level, so if there's a desire to be able to look at different groups or subgroups, the policy won't be an impediment or a barrier to us.

**Mr. Kelly McCauley:** Who would decide that? I know what you mean by subgroups, but who would decide those demographics? Would it be the department making that decision, or the government itself deciding?

**Mr. Lorenzo Ieraci:** That's a really good question for which I honestly don't have a very good answer. I don't know the answer to the question, Mr. Chair.

**Mr. Kelly McCauley:** That's fair enough.

I want to swing back. In your opening statement you commented that PSPC awarded, on average, \$422 million over the last three years. Would you provide to the committee the breakdown over the last three years? Was that all manually tracked on an Excel spreadsheet? How was that tracked?

**Mr. Lorenzo Ieraci:** Mr. Chair, there are two things I would say. One, in terms of the information, yes, we'll provide what we can to the committee. Two, our existing systems are not the fanciest ones, so it's probably an Excel spreadsheet.

**Mr. Kelly McCauley:** That's fair.

Recommendation 35 of our 2018 report asks for a report on an annual basis on the number and the value of contracts awarded to aboriginals, but this wasn't published, was it?

**Ms. Jessica Sultan:** Mr. Chair, the report is in the final stages of being sent through approvals before being published. There is a time lag in the creation of the reports due to some of the—

• (1705)

**Mr. Kelly McCauley:** Three years?

**Ms. Jessica Sultan:** In some cases, yes. There can actually be a very significant challenge in getting the data out for the reasons that Mr. Ieraci outlined with regard to the systems available to us.

**Mr. Kelly McCauley:** When you publish information to the committee all of it will be brand new information. It's not 2018. We had this two years ago. It's all been held up for three years until it's getting published shortly.

What I'm getting at is the recommendation says published annually, but the government hasn't published it annually. I understand it's difficult getting that information, but what you're saying is three years ago we asked to publish annually and the departments are just getting around to publishing it now, hopefully.

**Ms. Jessica Sultan:** Mr. Chair, I certainly would not say that it's for any lack of desire in wanting to be able to share the information. It is a challenge with the systems being as they are, as well as the fact that not one system is universal across all federal departments. Therefore, it can be very difficult to compare apples to apples, if

you will, and have the appropriate information to be able to share data that is correct, accurate and complete.

**Mr. Kelly McCauley:** Mr. Chair, how much time do I have?

**The Chair:** You have 10 seconds.

**Mr. Kelly McCauley:** Thanks to our witnesses today.

**The Chair:** Thank you.

We'll now go to Mr. Jowhari for five minutes. He will be our last questioner.

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

Once again, thank you to all the witnesses.

Mr. Ieraci, what measures does PSPC have to support entrepreneurs and business owners with disabilities? Do we have set-asides for these visible minority groups as well? If so, can you share with us what those are?

**Mr. Lorenzo Ieraci:** Mr. Chair, in terms of support that we provide to various under-represented groups, including those with accessibility challenges, I'll turn to my colleague Clinton in just a second to talk about some of the things we're doing. We are undertaking a number of activities, as I mentioned, to be able to increase the participation of under-represented groups.

I will mention briefly the accessible procurement resource centre. It is a centre that we've established within our department to be able to assist procurement officers in increasing the accessibility of procurement in two areas. The first is for those using our systems, as well as those who want to sell goods and services to the Government of Canada. Also, increasingly, we are moving toward buying commodities where accessibility has been included by default in consideration of buying those commodities.

With the permission of the chair, I'll turn to Clinton to speak a little about what we're doing in these areas.

**Mr. Clinton Lawrence-Whyte:** Mr. Chair, as noted, with OSME's outreach, we do engage with businesses. We do have the capacity to work with businesses that require access. It is something that we do provide. Our British Columbia regional office has been a leader within OSME in terms of being able to have the capacity to provide those supports.

We are able to get that support directly to the businesses in need in terms of helping them to understand procurement, and if we need to go across to other regions to get additional assistance, we will make use of that as well. At the end of the day, we want to make sure that we're able to provide the support that a business needs in terms of their requirements.

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

Let's go back to the set-aside. Aside from the indigenous, which, as we've talked about, is about 5%, is there any target or measure that has been put aside in other areas that we need to consider, such as women entrepreneurs and Black entrepreneurs, as well as visible minorities or individuals with disabilities?

**Mr. Lorenzo Ieraci:** Mr. Chair, no. There are no specific targets for any of the under-represented groups from a federal procurement perspective, at least not that I'm aware of.

**Mr. Majid Jowhari:** How would we measure, then, the progress that we want to make? What do we use as a base to be able to measure our progress?

**Mr. Lorenzo Ieraci:** Mr. Chair, right now, because of some of the challenges that I spoke about before, we're unable to measure both participation and contracts awarded for various under-represented groups. As we move forward, we will be able, through both the policy and the electronic procurement solutions, to obtain data that will give us information in terms of baseline for what is the participation, meaning how many companies from under-represented groups are looking at opportunities, downloading opportunities, submitting proposals and then ultimately winning contracts.

Those should give us baselines in terms of how we're doing right now. Then we will be able to see which areas we really need to focus on in terms of diversifying our supplier base.

• (1710)

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

Are there other benchmarks that we could use? I understand that you're going through the process to establish the base, but are there benchmarks that we could use? For example, in terms of our neighbour down south, can we use some of their measures as a benchmark for us to be able to set targets?

**Mr. Lorenzo Ieraci:** Mr. Chair, I think there are a number of other potential benchmarks that we could look at. We could look to the United States.

The other approach that has been suggested by some of the under-represented groups that I've had the honour of speaking with are things like demographics and population. Depending on the percentage of the population that a group makes up, that could be a potential target for federal procurement. There are pros and cons in terms of exploring those options. I think that will be something we'll be considering as we move forward.

**Mr. Majid Jowhari:** Thank you. That brings me to the end of my time.

**The Chair:** Thank you very much, Mr. Jowhari.

That brings us to the end of the questions. We had some fantastic questions today, and lots of them, so I appreciate that.

I appreciate, Mr. Ieraci, that for some of them you've indicated that you might provide the answers in writing to the committee. If you would send those to the clerk so that he can distribute them to the committee members, that would be greatly appreciated.

That said, I would like to thank Ms. Sultan and Mr. Lawrence-Whyte, as well as Mr. Ieraci, for being our witnesses today. It's greatly appreciated.

That brings us to the end of the public portion of the meeting. When I suspend the meeting, the technical staff will end this part of the meeting. This means that every member cannot remain at this meeting. You'll have to log off and then come back in with the new code that was given to you and was sent to you by the clerk. That said, I will now suspend.

*[Proceedings continue in camera]*

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