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# Standing Committee on Government Operations and Estimates

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Chair: Mr. Kelly McCauley





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Thursday, December 12, 2024

• (1100)

[English]

**The Chair (Mr. Kelly McCauley (Edmonton West, CPC)):** I call this meeting to order.

Welcome to meeting number 160 of the House of Commons Standing Committee on Government Operations and Estimates, also known, of course, as the mighty OGGO, truly the only committee that matters.

Before we start, everyone, this is a reminder to please keep your headphones away from your mikes at all times. Do not touch the microphone either, please, to protect the hearing of our very valued interpreters.

We have Minister Duclos, of course—welcome back—but we have him only for one hour. I know that we're always quite loose with our time, but I'm going to keep everyone exactly to their allotted time. To prevent me from cutting you off or missing an answer, please watch your own clock.

We'll now turn things over to Minister Duclos for five minutes for an opening statement.

Welcome back, Minister, and your officials.

The floor is yours.

[Translation]

**Hon. Jean-Yves Duclos (Minister of Public Services and Procurement):** Thank you, Mr. Chair. Thank you for that generous welcome on this beautiful Thursday morning.

Thank you also for this opportunity to discuss the supplementary estimates (B) 2024-2025 for Public Services and Procurement Canada, or PSPC, as well as Shared Services Canada. Let me begin by acknowledging that we are gathered on the unceded territory of the Algonquin Anishinabe peoples.

I am joined today by key members of the PSPC team: Arienne Reza, deputy minister; Alex Benay, associate deputy minister; Jean-François Lymburner, chief executive officer of the Translation Bureau; Simon Page, assistant deputy minister; Catherine Poulin, assistant deputy minister; Mark Quinlan, assistant deputy minister; and Michael Hammond, chief financial officer and assistant deputy minister. From Shared Services Canada, I'm joined by Scott Jones, president, and Scott Davis, assistant deputy minister and chief financial officer.

In the supplementary estimates (B), we're requesting additional funding of \$841.7 million for PSPC and \$52 million for Shared

Services Canada. Before getting into the details, allow me to provide an update on some of my priorities and my team's priorities, as well as on the progress we have been able to make since I last appeared before this committee.

First of all, the government's plan to address the housing crisis by building 4 million homes is the most ambitious construction plan in Canadian history, and we're accelerating that. PSPC is doing its part through its public land use plan for homes. Over the summer, we launched the Canada Public Land Bank, which now lists 83 federal properties that will be used to build housing. The list will keep growing in the coming months as we continue to assess the availability of surplus public lands. To the extent possible, our government is transforming these properties into affordable housing through a long-term lease, not a one-time sale, to sustainably support housing affordability and ensure that public lands remain public.

In the meantime, we recently took an important step forward in our plan to make dental care more affordable for all eligible Canadian residents. To date, more than a million Canadians have received oral health care through the Canadian dental care plan, and over 3 million Canadians have received their member card. Participation will continue to grow next year as more Canadians between the ages of 18 and 64 become eligible for the plan.

In addition, building on recent reports, including those of this committee, the Canadian government has made a number of key improvements to protect the integrity of the federal procurement system. This includes intensifying our efforts to detect fraud and combat wrongdoing by certain suppliers and the public service. Public servants at PSPC continue to work with other departments to improve oversight measures, particularly when it comes to documenting procurement requirements and making decisions about professional services. I will also mention that PSPC is gradually implementing a vendor performance management program to further strengthen regular monitoring of costs, quality and timelines. Suppliers are evaluated using a standardized scorecard. Once the program is implemented, these scores will be part of future bid evaluations.

Going back to the supplementary estimates, the majority of the funding requested by PSPC, \$620 million, will be used to support the implementation of a number of critical infrastructure projects. PSPC is also requesting access to \$102 million to advance a new human resources and pay system, as well as \$9.6 million for the Translation Bureau to ensure the vitality of our two official languages and of French in Parliament.

I will now move quickly to the supplementary estimates for Shared Services Canada, which, as the Government of Canada's information technology pillar, delivers the technology programs and services that Canadians need. Shared Services Canada is requesting a net increase of \$52 million to bring its available funding to \$2.69 billion, as well as an additional \$11.5 million for telecommunications infrastructure in advance of Canada's major G7 summit in 2025.

• (1105)

This work represents just a few of the important initiatives taking place in my diverse portfolio at PSPC. I would be very pleased to answer any questions or comments you may have.

[English]

**The Chair:** You're right on time. Thanks very much.

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

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

Thank you, Minister and your departmental officials, for joining us here today.

After nine years of this Liberal government, everything is broken. You don't need to take my word for it. I'm going to note that the procurement system within the Government of Canada is especially broken. This is not a partisan statement, but a sentiment that is also shared by the procurement ombudsman.

In an article by Blacklock's Reporter, entitled “\$25B Contract System Broken”, the procurement ombud said that “the Canadian system is kind of near the bottom tier”. That's a quote. He went on to say that the irregularities, such as the sweetheart deals, are symptomatic of “a broken system”. On Tuesday, when he appeared before the committee, he gave us some examples—it was quite a list—such as “WE Charity, ArriveCAN, McKinsey, bait and switch” and now indigenous procurement.

As you said in your opening comments, Minister Duclos, Public Services and Procurement Canada works with all departments when it comes to procurement. Billions of dollars are being wasted and going to Liberal insiders, who are basically fleecing taxpayers.

How much money are taxpayers on the hook for for outsourcing this year? Can you provide us with a number?

**Hon. Jean-Yves Duclos:** I'm very glad that we're talking about procurement this morning, because procurement in the federal government represents approximately 400,000 contracts and other activities that, dating back just two years ago, saved the lives of hundreds of thousands of Canadians because of the immense ability to save. There were the issues that we were obviously facing in hospitals and across Canada with vaccines, PPE and other things.

Pointing to the successes and the challenges, which you are correctly pointing out, that we're having with the national shipbuilding strategy, defence procurement—

**Mrs. Kelly Block:** Excuse me, Minister. I didn't point anything out about the national shipbuilding strategy. I asked how many contracts are being outsourced and how much Canadians are paying for those contracts to external consultants.

• (1110)

**Hon. Jean-Yves Duclos:** I'll come back to that in a moment—

**Mrs. Kelly Block:** No. I would actually like you to provide me with the answer now.

**Hon. Jean-Yves Duclos:** I'll come back to what I thought would be my first point. I'll come back to that second.

On external services procurement, as you well know, we have significantly reduced those because we don't need those investments as much as we did during COVID, when the lives and the safety of Canadians were extremely important to the federal government.

**Mrs. Kelly Block:** By how much have you decreased the amount of funding—

**Hon. Jean-Yves Duclos:** Approximately 15%—

**Mrs. Kelly Block:** —being spent on external contractors?

**Hon. Jean-Yves Duclos:** Again, it's by approximately 15%, because that's the right thing to do. It varies, according to—

**Mrs. Kelly Block:** It's 15%. What is the dollar amount?

**Hon. Jean-Yves Duclos:** I know translation may have difficulty if we interact together too often. It will be difficult for French-speaking MPs and others listening in the room and outside to follow—

**The Chair:** I'm going to interrupt here. I've stopped your clock.

This has come up before repeatedly. If there are issues with the interpreters, they will advise the clerk, and the clerk and I will intervene. Until then, we'll get back, but we'd appreciate it if you could respond to the question.

Thank you.

**Hon. Jean-Yves Duclos:** As I mentioned, it's about 15%.

**Mrs. Kelly Block:** What's the amount in dollars, please?

**Hon. Jean-Yves Duclos:** It depends on the departments, because we don't control all contracts, but each department has had the overall objective of decreasing reliance on external consultants by about 15%.

**Mrs. Kelly Block:** In other words, you don't know the number.

We know the government has blown past its deficit targets. How much of that is due to the increase in outsourcing?

**Hon. Jean-Yves Duclos:** That's a great point you're making, because we are seeing in Canada a fall in inflation and a fall in interest rates. Announced just a few days ago was the fifth in a row, which is the quickest fall in interest rates seen across all comparable developed economies. We're also seeing an increase in employment—

**Mrs. Kelly Block:** Minister, we've had this kind of exchange in previous committees. I can appreciate that you really don't want to answer the questions that we're asking here today, but you're really doing us as parliamentarians and Canadians a disservice when you ignore the questions that we're asking on behalf of Canadians.

I would simply put to you that your government is blowing past its deficit targets. How much of that is due to an increase in outsourcing?

**Hon. Jean-Yves Duclos:** What I'm trying to do, respectfully, is support the initial part of your question. You started by saying that everything is broken in Canada, which is inaccurate and, I think, insulting to most Canadians, because, as I said, we are doing really well compared to most other countries in the world. Yes, we've had challenges postpandemic—

**Mrs. Kelly Block:** In other words, you would say that Canadians have never had it so good. Is that what you're saying?

**Hon. Jean-Yves Duclos:** I think that Canadians don't want to hear that everything is broken, as some people are indeed saying in the House of Commons and elsewhere. That would be inaccurate and, again, it would be insulting to most Canadians to pretend that everything is broken—

**Mrs. Kelly Block:** Let's get back to what the procurement ombudsman said. Do you agree with the procurement ombudsman when he talks about the procurement system being broken?

**Hon. Jean-Yves Duclos:** I can turn to an official, but I would be surprised if the procurement ombudsman had said, like you did, that everything is broken in Canada.

**Mrs. Kelly Block:** He said—and I quoted it for you, sir—that “the Canadian system is kind of near the bottom tier”, and he said that the contract system is “broken”.

**The Chair:** I have to interrupt. That is our time.

We'll go to Mr. Kusmierczyk. Perhaps you can address it during that time period.

Go ahead, Mr. Kusmierczyk.

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

Thank you so much, Minister Duclos, for being here with us once again at the OGGO committee. It's always excellent talking to you, and it's always wonderful to get your insights.

I want to talk about a very important program in my community, which is the Canadian dental care plan. There are 15,000 people in Windsor-Essex who have received dental care because of our Canadian dental care plan. A large proportion of them are seniors. It is incredibly important. I got a chance to speak with our seniors advisory council just this week, and they emphasized how important the dental care plan was and is for our community.

The Conservatives keep opposing the Canadian dental care plan and, when they're not opposing it, they're denying that it even exists. To quote the Leader of the Opposition, he said that not a single tooth has been cleaned. Again, 15,000 residents in Windsor-Essex would vehemently disagree with his assessment, if you can call it that.

I want to ask you if you can provide an update on the rollout of the Canadian dental care plan, which has helped literally 15,000 residents and seniors in my community already. Can you provide us with a bit of an update on this program?

• (1115)

**Hon. Jean-Yves Duclos:** Thank you, Irek.

This is, indeed, an example of procurement that is making a huge difference in the lives of millions of Canadians. Now we have three million Canadians registered for the Canadian dental care plan.

It is indeed worrying, and in fact upsetting, to hear the Conservative leader, Pierre Poilievre, pretend that this does not exist, and it discourages more seniors from registering into that program.

In the Conservative riding of MP Genuis, we now have almost 5,000 people who have registered, and his leader says that it doesn't exist. Imagine that: It doesn't exist. There are almost 5,000 in MP Block's riding, too.

Now, we obviously want to keep promoting that. You have 15,000 in your own riding here, Irek, because of the advocacy that you are doing and the sharing of information, the encouragement and not misleading seniors into not registering for the Canadian dental care plan. It makes a huge difference, and I would encourage you to keep doing your great work.

**Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC):** Mr. Chair, I have a point of order.

What in the world does this have to do with the estimates for procurement?

**The Chair:** We always allow a very wide breadth for discussion.

Continue, Minister.

Thank you.

**Mr. Garnett Genuis:** The potted plant is on its way, Mr. Chair.

**The Chair:** Continue, Minister.

**Hon. Jean-Yves Duclos:** Yes, thank you.

MP Kusie has almost 4,000 in her riding, yet her leader, Pierre Poilievre, says it doesn't exist. That's very bad. It's funny, perhaps, but it's very bad, because it discourages more seniors in those ridings from registering. There are, indeed, some issues within Conservative ridings with people not knowing enough about the Canadian dental care plan, but overall, it's great news that 93% of providers—dentists, hygienists and denturists—have registered.

I would point out that the NDP has played a key role in that. Without the NDP's support, this would not have happened, because the Conservatives and the Bloc did everything they could, including in the estimates that we voted just this week, to stop this program from going on.

The question is about why it matters now. In the estimates process, there are important investments to support the development of that important dental care plan.

Thank you, Irek, for all that you do.

**Mr. Irek Kusmierczyk:** Thank you very much, Minister.

On that point, I notice that my colleague Mr. Genuis is very eager to join this conversation. I hope, Minister, that you get a chance to ask him personally whether, as the MP for his riding, he supports the Canadian dental care plan, which has provided such a benefit to thousands of residents in his riding. I'd love for you to ask him that question today if you do get a chance.

I want to move on to another subject, which is national defence. It is absolutely critical to Canada.

Minister, last month I got a chance to tour the HMCS *Harry De-Wolf*, which is the first Arctic and offshore patrol ship—an AOPS. It was docked in Windsor-Essex. We had the entire community come out to tour this incredible ship. I got a chance to meet with Commander Jon Nicholson and his crew. They are absolutely amazing. They talked about how these investments in the AOPS, those patrol ships, are helping us to defend our Arctic sovereignty and strengthen defence.

Can you talk about the progress on the remaining vessels in this class and name any notable achievements or challenges that were encountered in the construction? It was a magnificent ship with an incredible crew. I wanted to ask for an update on that, please.

**Hon. Jean-Yves Duclos:** Thank you, Irek.

I'll turn soon to Simon, the deputy minister, who will provide details.

At a very high level, the national shipbuilding strategy is leading to the creation or sustainment of about 20,000 jobs every year. It's also leading to significant successes on the international stage. We know how important it is, in 2024, to be able to fight for the interests of Canadians here in Canada and their security outside of Canada.

We are doing this, obviously, with the support and collaboration of the United States. We have just signed, a couple of weeks ago, an ICE pact, an icebreaker collaboration effort pact, with the governments of Finland and the United States. This is remarkable. This is going to build on the important progress that we've made in the last years on the national shipbuilding strategy, including building these AOPS and other icebreaking ships.

• (1120)

**The Chair:** I have to interrupt. That is our time.

We'll now go to Mrs. Vignola.

The floor is yours for six minutes, please.

[Translation]

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

I'd like to thank Mr. Duclos and the many witnesses for being with us today.

Mr. Duclos, most of my questions are not my own. These are questions I've received from people in my riding in Quebec, as well as people elsewhere in Canada.

With regard to oral health care, which you mentioned earlier, I want to remind you that everyone likes apple pie. Oral health care for all ages is a great idea.

That said, I have a first question from a woman in my riding. She wants to know why she has to have a Sun Life card, because there are public servants in Quebec and people once were able to use their Quebec health card to receive dental care, especially for their children.

I was also wondering if you could remind us how much the dental care management contract cost at Sun Life, and how many people could have received care if the money had been transferred to Quebec so that its jurisdiction would have been respected.

**Hon. Jean-Yves Duclos:** That's a great set of questions, Mrs. Vignola, and I thank you for asking them.

With respect the Régie de l'assurance maladie du Québec, or RAMQ, dental care should have been included with health insurance in Quebec and elsewhere in Canada for the past 50 years or so. Despite hopes and efforts, that never came to be back then. Dental care is therefore not covered, except for very specific groups in Quebec and elsewhere in the country.

In Quebec, dental is covered only for children under the age of 10, and for certain types of care in particular. That excludes most of the preventive care for children. As we know, that care is so important to children's health and development.

There is very little coverage for other Quebecers, which means that there are major dental care needs in Quebec, even more so than elsewhere in Canada. We've seen this in recent months, because a third of the Canadian plan members are Quebecers.

**Mrs. Julie Vignola:** Mr. Duclos, I'll repeat my constituent's question.

Why does she have to have a Sun Life card when health transfers could have been made to Quebec so that she could use her Régie de l'assurance maladie du Québec card?

**Hon. Jean-Yves Duclos:** There are two reasons for that.

First, the Régie de l'assurance maladie du Québec card does not cover dental care for the vast majority of Quebecers.

Second, 95% of providers in Quebec are registered with the Canadian plan. Sun Life is working very effectively to get dentists, denturists and hygienists paid quickly, in less than two days, and to make it simple for them to provide customer support. They took on vulnerable patients who would not otherwise have gone to them.

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

My constituent thought that if the transfers were done in accordance with Quebec's jurisdictions, she could use her health insurance card. That was not the case before, certainly.

Remaining with the issue of oral healthcare, I received other emails. People went to their dentist and were told and were not covered, because that dentist is not one of the plan's eligible providers, as they did not successfully complete the registration process, which is long and complicated. These people were then invited to go see another dentist the next time. That means they have to find another dentist who isn't already overbooked.

We see the same thing with denturists. A constituent wrote me this week to tell me that they had been waiting for a partial prosthetic for four months, and the process was so long that the denturist recommended they go see someone else.

Why is the process so long? What makes it so complicated? Why is it that these people, in spite of the promises made, cannot access the care they seriously need?

**Hon. Jean-Yves Duclos:** First, 95% of dental health providers in Quebec are registered with the program. Second, new ones register every day. Third, some dentists, denturists or hygienists do indeed already have enough clientele.

However, others do have services available. To find those services, simply type the words "dental plan" online, and you will quickly find a website where you can enter your postal code to find a dentist, denturist or hygienist nearby, if the one you usually see is not registered, which is rarely the case.

Last, if participants and dental care providers are having problems—we know there are not many, but there are always some, obviously—we invite them and strongly encourage them to contact Health Canada.

• (1125)

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

We all know that Canada Life was awarded the contract to administer public servants' medical insurance plan. I do want to say that Canada Life has improved since then. The problem is its subcontractor, MSH International, which does not seem to understand things very well.

When it comes to dental care, public service retirees are also covered by Canada Life, just like actively working public servants. What was the cost of the Canada Life dental care contract for public service retirees?

**Hon. Jean-Yves Duclos:** I will answer your first question. As for the second, I will invite officials to come and answer in more detail.

When it comes to the improvements you noted over the last months, it is because you—like many others—pointed out the problems the system had at the beginning. As you noted, these problems

have largely disappeared. However, problems still remain, and it's very frustrating, especially for people who live abroad. We encourage all MPs to raise awareness, as you did, about these challenges and problems, so that Canada Life does its job.

How much did it cost?

[English]

**The Chair:** I'm sorry, Minister, but that is our time. If there's anything else, perhaps the officials can respond, or you can finish up in the next session.

Mr. Boulerice, go ahead, please.

[Translation]

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

Minister, thank you for being with us today, with your entire army here to support you.

I am very interested in the fact that the Bloc Québécois is asking questions about the dental care plan, because if it had not been for the NDP and our negotiations to make the government provide this dental care service, it would not have happened.

I am also proud of the fact that 1 million Quebecers are now registered with the dental care plan, and more than 325,000 of them already had access to a dentist or dental care paid in whole or in part by this new federal program. I am delighted by it, because it is something our party pushed for, and we are very proud to have it, unlike the Bloc Québécois.

I want to ask you a question about the Canada Border Services Agency digital portal. Radio Canada recently informed us that the system for import duties for certain goods cost nearly half a billion dollars and, in a single month, the portal experienced 22 service interruptions, some of which lasted several hours.

This tool has been in the works since 2010. That means the federal government worked on it for 14 years. It cost \$500 million that came from public funds, but it doesn't work.

**Hon. Jean-Yves Duclos:** Thank you, Mr. Boulerice.

Quickly, on the subject of the dental plan, you are right to say that your support was important and essential. We congratulate you for it. We thank you for it. You are also right to highlight the fact that it is not over. Indeed, as of 2025, more than 1 million Quebecers aged 18 to 64 years old will become eligible for the Canada Dental Care Plan. A lot of work remains to be done during the first half of 2025, and we will continue to work with your collaboration and support.

On the subject of the Border Services Agency's Assessment and Revenue Management system, you are right in saying it is a critical system, which did indeed cost a lot of money in recent years. However, it is an absolutely essential system, because the old system—which was 35 years old—was at risk of going off-line at any given moment. When installing this type of large system, there are always problems in the beginning. Those problems must be known and recognized.

**Mr. Alexandre Boulerice:** You said, “in the beginning,” but we've been waiting for this new system since 2010, for 14 years. We're in 2024.

**Hon. Jean-Yves Duclos:** The new system has been in place for just a few weeks. In spite of all the efforts made, there are a few problems with the system's reliability and clarity, but they are being solved on a case-by-case basis. People on the ground also have concerns and questions, because it is a new system they have to get used to.

The response time for questions about it is not good enough yet. We therefore have to invest more there. We know that employees are learning how it works. There were indeed many inquiries during the first weeks, and that is absolutely important. About 5 million declarations were processed in the last few weeks. The system has to be able to meet the demand.

If you like, I can also ask officials to provide you with more details.

• (1130)

**Mr. Alexandre Boulerice:** I accept, because in one month, a system that cost \$500 million experienced 22 outages that lasted several hours. That is unacceptable to most people.

**Hon. Jean-Yves Duclos:** Mr. Jones, even if this issue isn't entirely in your bailiwick and is mainly the responsibility of the Canada Border Services Agency, be as clear as possible on how we're dealing with this issue.

**Mr. Scott Jones (President, Shared Services Canada):** Thank you very much.

The system that was replaced was 36 years old. Having an extremely old system was a big risk for Shared Services Canada. This has greatly helped to reduce the risk to the infrastructure.

In terms of operational systems, our partners at the Canada Border Services Agency will be able to answer you on that. At Shared Services Canada, we're providing ongoing support to the agency to maintain and get the system back up and running. However, I don't know the details of the work the contractor has done on the system.

**Mr. Alexandre Boulerice:** Thank you.

Of the \$841 million you're requesting for these supplementary estimates, \$391 million, or 46%, will go to subcontractors. Your government has made a commitment to reduce reliance on external services, yet you continue to rely heavily on subcontractors, on external services.

How do you justify the fact that 46% of the funds go to subcontractors? That's still \$391 million.

[English]

**The Chair:** You have 20 seconds, please.

[Translation]

**Hon. Jean-Yves Duclos:** You expressed that concern very well. We know it was necessary during the COVID-19 pandemic years. That dependency is now too great, and we've reduced it quickly. This year, we've reduced it by 15%, but we'll need to do more in the coming months and years.

[English]

**The Chair:** Thank you, gentlemen.

We'll go over to Mrs. Kusie for five minutes, please.

[Translation]

**Mrs. Stephanie Kusie (Calgary Midnapore, CPC):** Thank you very much, Mr. Chair.

Welcome, Mr. Minister. Thank you for being with us here at our committee this morning. I appreciate that.

[English]

Minister, have any more companies been found committing fraud against the government? Last time you were here, in November, the number was seven. What is that number today, please?

[Translation]

**Hon. Jean-Yves Duclos:** Thank you very much for the question.

I'm very pleased that we're able to talk about the procurement system, because it plays a major role for Canada, workers and businesses. It's also very important for the Canadian government. For such a system—

**Mrs. Stephanie Kusie:** How many are there, please? I'm waiting for you to give me the exact number. You're the minister, so I think you need to know that number. How many are there, please?

**Hon. Jean-Yves Duclos:** You have a right to know the exact number and—

**Mrs. Stephanie Kusie:** Answer quickly because I have a lot of questions. What is the number, please?

[English]

**Mrs. Jenica Atwin (Fredericton, Lib.):** I have a point of order.

**The Chair:** Let me interrupt, Mrs. Kusie.

Ms. Atwin.

**Mrs. Jenica Atwin:** Mr. Chair, Standing Order 18 clearly identifies the respect we're supposed to afford other members of our House, including ministers. I would just remind Mrs. Kusie not to yell.

**The Chair:** I appreciate that. Respect goes both ways. There was a very clear question. I think taxpayers and MPs deserve a very clear answer.



**Mrs. Jenica Atwin:** It's more about the yelling at the minister than the question.

Thank you.

**The Chair:** I'm sure Mrs. Kusie will take that under advisement.

Continue, Mrs. Kusie.

**Mrs. Stephanie Kusie:** It is a very clear question, Minister: How many cases of fraud? Please, tell Canadians the number.

Do you know the number?

[Translation]

**Hon. Jean-Yves Duclos:** If I understood your question correctly, there are seven cases. Three of them were announced last spring, one was added in July, and three more have been added in recent weeks.

• (1135)

[English]

**Mrs. Stephanie Kusie:** Do you expect to find any more than the seven?

[Translation]

**Hon. Jean-Yves Duclos:** Public servants, as you suggest and as it is important to do, continue their integrity work. It's a job that's easier now, with the e-procurement system and the sharing of information—

**Mrs. Stephanie Kusie:** Okay, thank you.

What is the value of the seven fraud contracts, please?

**Hon. Jean-Yves Duclos:** For the specific value, I'll turn to the deputy minister.

[English]

**Ms. Arianne Reza (Deputy Minister, Department of Public Works and Government Services):** It's \$4.5 million.

**Mrs. Stephanie Kusie:** Would you expect to find more, Minister?

**Hon. Jean-Yves Duclos:** As I said, every effort that needs to be put into this is being put into this. Obviously, this is a politically independent process. We wouldn't want politicians, whoever they may be, to undermine the ability of the independent public service officers to do that job.

It's not a matter of how many I think there should be. It's how many the public service—

**Mrs. Stephanie Kusie:** Okay. You've said that you don't want to undermine public service officers doing their job. Then, in your opinion, please, Minister, do you believe that in all of the scandals—including the billions lost to CEBA, which we just found out about last week through the Auditor General, as well as the millions spent on ArriveCAN and McKinsey—the procurement officials are the ones whom Canadians are to blame for this large number, the millions of dollars, which I believe is actually significantly more than that?

Do you believe your officials are to blame, then, Minister?

**Hon. Jean-Yves Duclos:** Are you asking whether we should be blaming officials for—

**Mrs. Stephanie Kusie:** I'm asking you what you think in terms of why it's currently \$4.5 million for seven contracts. I think the number is way more than that. We've seen these numbers increase consistently, whether we're talking about contracts, fraud, the debt or the deficit, but in this case, the seven fraudulent contracts, why do you think that's occurring, please?

**Hon. Jean-Yves Duclos:** As you are correctly suggesting, officials have the obligation to do whatever they can—in an independent manner, not focused on politics and politicians—to do whatever they need to do to find out instances of fraud, and, if there are such instances of fraud, to do whatever they need to do, including with the RCMP and other law enforcement institutions, to collect or recollect the amount that would have been paid inappropriately.

**Mrs. Stephanie Kusie:** Okay. Thank you.

Minister, you mentioned politicians. I just want your ideas as to what you believe your leader, the Prime Minister, is doing to the finance minister. We've seen two days of leaks in The Globe and Mail. We know now that he has forced his radical spending on your finance minister, Minister Freeland, and that he has forced her to break the \$40-billion deficit. In fact, we found out just today that he is begging Mark Carney—carbon tax Carney, conflict of interest Carney—to serve as the next finance minister of Canada.

I have some sympathy for you. Your Prime Minister, who actually has overseen all of this procurement, all of this fraud under CEBA and under arrive scam, is now going to oust the first female finance minister in Canadian history.

Do you think that's right?

**Hon. Jean-Yves Duclos:** I am going to focus—

**The Chair:** I apologize, Minister. That is our time. Perhaps you can respond in Mr. Sousa's five minutes.

Mr. Sousa, go ahead, please.

**Mr. Charles Sousa (Mississauga—Lakeshore, Lib.):** Minister, thank you for being here.

I apologize for some of the antics across the way. The disrespect is really unfortunate, because I appreciate, and I think most Canadians appreciate, the work that's being done to try to bring transparency and greater order to procurement. Thousands and thousands of contracts are done by the Canadian government, and some are not done properly, which we have investigated and members of the team have ventured to correct.

I have three questions.

One is with regard to the Canada public land bank. In my community of Mississauga—Lakeshore, at 1 Port Street East, the Canada Lands Company is the property owner of a beautiful marina in the area. A lot of revitalization has been done in the community—they're very grateful for that—and is continuing. The residents are eager to see this revitalization.

Can you talk about how your department is working to convert underutilized and vacant properties into housing?

**Hon. Jean-Yves Duclos:** Thank you so much, Charles.

Thank you for pointing to the federal lands initiative, in your riding and across Canada.

We know and feel how stressful it is for Canadians to go through the housing crisis. The good news is that we have, in budget 2024, the most important housing investments ever seen in the history of Canada. They are going to transform the lives of millions of Canadians. We are going to build millions of homes. Many of them—hopefully, most of them—will be affordable.

That's coming through the leadership of PSPC. As you said, PSPC is an important supporter of that initiative. More broadly, PSPC is key. We have \$34 billion in procurement activities every year and 400,000 contracts and amendments. We have 800,000 active security clearances every year, a large number of them being checked and reviewed every year as well.

The federal lands initiative, and the Canada Lands Company in particular, is going to build approximately 29,000 new homes in the next five years on federal lands. That's in addition and complementary to the federal lands bank initiative that you noted. As of now, we have 83 properties in that bank. We started in August. We're going to build approximately 35,000 new homes in the years to come.

We hope that your leadership and the leadership of other MPs around the room will help connect communities, mayors, councillors and not-for-profit housing providers to speed up the construction of those new homes.

• (1140)

**Mr. Charles Sousa:** Thank you, Minister.

There's another issue of concern in my community. Just two days ago, there was a town hall about guns and safety issues. It was about crime.

A lot of reforms have been made by the federal government to try to strengthen those issues and try to persuade the provincial authorities to proceed more effectively in enforcing the law. However, it's clear to me that there are a number of measures that the government has taken to support strong gun control measures. I'm actually quite appalled to see members of the opposition working with the gun lobby in an attempt to weaken those very gun laws. We're talking about assault rifles and so forth.

Can you explain how this government is taking assault-style firearms out of our communities through the buyback program that is, in fact, part of PSPC? Minister, regardless of what the members of the opposition are saying, it is part of the work you are doing at PSPC with regard to the gun buyback program.

**Hon. Jean-Yves Duclos:** Indeed, it belongs partly to PSPC, as well as to Public Safety.

As a quick reminder, in 2020, we banned about 1,500 models of weapons that have no place in civil society in Canada—

**Mr. Charles Sousa:** Chair, can you ask them to please settle down? We're trying to hear the answer.

**The Chair:** Are you referring to the minister or the colleagues across the way?

**Mr. Charles Sousa:** I'm referring to the opposition.

Chair, I don't appreciate that either.

**The Chair:** Come on, Charles.

**Mr. Charles Sousa:** It's really unfortunate.

**Hon. Jean-Yves Duclos:** You're right, because I believe the opposition—

**The Chair:** I'm sorry, Minister. I'll pause the time.

Colleagues, if you'll allow—

**Mr. Garnett Genuis:** On a point of order, Mr. Chair, I think Mr. Sousa already heard the answers during practice. Didn't he?

**The Chair:** That's not a point of order.

Minister, please continue.

**Hon. Jean-Yves Duclos:** I think it's a good gesture on your part, Charles, for everyone to be able to hear that story. It's going to be important in the weeks to come as we roll out phase one of the buyback program with shops, and then phase two with individuals who legitimately and totally legally bought these assault-style rifles years ago.

These weapons are designed for wars. They are designed to kill as many people as possible in as little time as possible. That's why we outlawed 1,500 models of those firearms in 2020. Last Friday, we added another 324 models because the gun industry is very creative in designing and then producing new assault-style weapons. That is why, this week, we're putting into place a firearms reference table, which will automatically update that list of prohibited assault-style weapons, and my department—

**The Chair:** Thank you, gentlemen. That is our time. I'm sorry.

Madame Vignola, please—

**Hon. Jean-Yves Duclos:** —in collaboration with others, will be there to roll out the buyback program.

**The Chair:** I'm sorry, Minister, but your time is up.

Madame Vignola, the floor is yours for two and a half minutes, please.

[Translation]

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

Mr. Minister, very quickly, I'll remind you of the first sentences I said during my last turn to speak. We are not against apple pie, because dental care is good. We are against interference, and the difference is major.

That said, I asked you a question earlier, but you didn't have time to answer it. How much did the Canada Life contract cost for dental care for retired public servants?

**Hon. Jean-Yves Duclos:** Ms. Vignola, I know we hear a lot about this issue of interference. However, there is no interference here. On the contrary, there is assistance from the Quebec government because people who can't go to the dentist and the hygienist end up in the hospital, at the—

• (1145)

**Mrs. Julie Vignola:** Mr. Minister, I'm so sorry to interrupt, but I only have two and a half minutes. It wasn't a question; it was a comment.

My question is this: How much did the Canada Life contract cost for dental care for public service retirees?

**Hon. Jean-Yves Duclos:** Okay. I wanted us to make sure that we continue to be positive, as you say. This measure is important for Quebecers and, in my view, there is no interference. On the contrary, there is support for the Government of Quebec in what we're doing.

As for the exact amount of the contract, I'll ask the deputy minister to answer you.

**Ms. Arianne Reza:** I will send a specific answer to the clerk of the committee.

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

I often go to the old Buy and Sell Canada website, which is now CanadaBuys. In the market opportunities section, I see that there are opportunities for cities, municipalities, for example, Peterborough, Calgary, or even for universities, like the University of British Columbia, Concordia University or the University of Ottawa.

How is it that it's not just Government of Canada procurement opportunities on this website? Am I to understand that, from now on, taxpayers are paying not only for Government of Canada offers, but also for all those published across Canada?

**Hon. Jean-Yves Duclos:** Actually, it's an invitation, not an obligation. Provinces and, certainly, municipalities are welcome to take advantage of this website that already exists and serves tens of thousands of providers across the country.

**Mrs. Julie Vignola:** A number of times in recent weeks, your government has mentioned the number of people per riding who are enrolled in the Canadian dental care plan. However, when we do a search, we find the number of people registered, of course, but by province. How can citizens, like the government, access this data by riding?

[English]

**The Chair:** Give a very brief response, please.

[Translation]

**Hon. Jean-Yves Duclos:** First, as you say, we have easy access to data by province. Second, we have internal data that we're trying to improve because it's not yet sufficiently accurate. That's why the available data is of an order of magnitude of the number of people registered per riding. The work is being expedited as much as possible so that we can give all members these figures.

[English]

**The Chair:** Thank you.

Mr. Boulerville, please go ahead.

[Translation]

**Mr. Alexandre Boulerville:** Thank you very much, Mr. Chair.

Mr. Minister, you were quite kind when you said that the Canadian dental care plan was helping the Government of Quebec. However, I would go further and say that the program helps Quebecers, first and foremost. Our priority, our primary mission, wasn't to help the Government of Quebec, but to help people who didn't have access to dentists.

You touched on housing. In your opening remarks, you said that the federal government could encourage the construction of affordable housing through long-term leases. How much money and how much land are we talking about? How would that be affordable?

I realize that that's three questions.

**Hon. Jean-Yves Duclos:** They're all very good. It will be difficult to answer all of them correctly.

If you look at the Canada Public Land Bank website, you'll find the land that's already available. I have three in my riding. There are probably some in yours as well. There are currently 83 available lots. There have been three updates in recent months. We started off with 59 parcels, and we're now at 83.

The goal is to build 35,000 units. A lot of that is going to affordable housing, with emphyteutic leases, in the sense that the property—

**Mr. Alexandre Boulerville:** How much of it is for affordable housing? In addition, when we talk about affordability, what are we talking about, and what are we basing it on: people's income or the average rent in the region?

**Hon. Jean-Yves Duclos:** It depends on the local definitions. You know the situation in Quebec very well: there are two definitions, one based on people's income and another based on the median rent in the community. It will depend on the cities where these housing projects are developed, as well as the projects submitted. It will also depend on additional support from the Canadian government.

Indeed, it is a very good thing to make land available free of charge, in the very long term, to businesses and non-profit partners, such as housing co-operatives, cities and others. It reduces the cost of land use. Sometimes, however, these partners need additional assistance. That's especially the case for building more deeply affordable housing, particularly social housing, in an environmentally smart way. These units must also be close to public transit and meet appropriate accessibility standards. So that requires additional budgets.

• (1150)

**Mr. Alexandre Boulerville:** Are you going to invest in that?

**Hon. Jean-Yves Duclos:** Yes, our goal is to invest, not only to make these properties available, but also to go further and have deeply affordable housing.

[English]

**The Chair:** Gentlemen, please, we're past our time.

Mr. Genuis, please go ahead.

**Mr. Garnett Genuis:** It's good to see you, Minister, and I'm wishing you well on the upcoming shuffle sweepstakes.

You mentioned at the beginning a grading system. I want to ask, if you were to give a letter grade to the effectiveness and integrity of the procurement system over the last nine years, what letter grade would you give?

**Hon. Jean-Yves Duclos:** Thank you, MP Genuis.

We've seen each other in many circumstances over the last week. I appreciate the fact that you're asking good questions on procurement and implicitly recognizing that—

**Mr. Garnett Genuis:** I'll appreciate when you answer them.

**Hon. Jean-Yves Duclos:** I'm coming to that, obviously.

**Mr. Garnett Genuis:** I doubt it, but go ahead.

**Hon. Jean-Yves Duclos:** The fact that you're asking those questions about integrity also suggests that you value the—

**Mr. Garnett Genuis:** Sir, just give me a letter grade. It's not a difficult question. I'll get to the difficult ones later.

How would you rate your performance and the performance of the government's procurement department over the last nine years? Just give me a letter grade.

**Hon. Jean-Yves Duclos:** In the last nine years, I can speak, obviously, to the thousands of lives that were saved during COVID-19 because of vaccine—

**Mr. Garnett Genuis:** I'll give you 10 seconds to give me a letter grade.

Go ahead.

**Hon. Jean-Yves Duclos:** We can also speak about the national shipbuilding strategy, which is sustaining the jobs of about 20,000 workers every year. I can speak about the dental care program—

**Mr. Garnett Genuis:** Okay, the time is up.

Honestly, if I were the minister and I had your record, I would not want to give a letter grade either.

Minister, if a third party auditor flags that there's fraud on a particular procurement file and recommends that it be referred to the RCMP, what should the government do in that case?

It's another fairly easy question, I think.

**Hon. Jean-Yves Duclos:** What it should do is exactly what you're probably also thinking. It should take those allegations very seriously, and expect and demand that the public service, independently of political interference, do the job that they need to do.

**Mr. Garnett Genuis:** What is that job? If an independent auditor says there's fraud and they think it should be referred to the RCMP, the public service should then refer it to the RCMP. Should they?

**Hon. Jean-Yves Duclos:** Well, the public service is a big.... Not every—

**Mr. Garnett Genuis:** Sir, we're still on the easy stuff.

If a third party auditor says, hypothetically, that a procurement file involving the Canadian Health Care Agency involved fraud, and that third party auditor says, in a meeting with multiple public servants from multiple departments, that they think it involves fraud and they think it should be referred to the RCMP, should they take it seriously and refer it to the RCMP, or should they take it seriously and try to bury it?

What would you suggest?

**Hon. Jean-Yves Duclos:** You spoke about a hypothetical. Hypothetical cases are not truly useful cases to discuss in such general terms. I think you need to be more specific as to what exactly you have in mind.

**Mr. Garnett Genuis:** I have in mind the case that this committee heard about this week from Garry Hartle. He's an independent auditor who brought a room full of public servants evidence of indigenous identity fraud—fraud on the government—years ago and recommended that the case be referred to the RCMP. The government decided, in his words, that “they didn't want any trouble”, and decided to bury it instead of referring it to the RCMP.

Do you think that was a good idea or a bad idea?

**Hon. Jean-Yves Duclos:** MP Genuis, this is a great question. I heard you ask it exactly just a few days ago of Minister Hajdu.

**Mr. Garnett Genuis:** I look forward to a great answer.

**Hon. Jean-Yves Duclos:** She provided all the answers that you were correctly expecting of her because it's in her file. It's her department. You know that you can ask her those questions directly.

**Mr. Garnett Genuis:** The PSPC officials were in the room, sir. Your officials were in the room.

At a basic level, in terms of setting the tone, now would be a good time for you to advise your officials and the public that when they become aware of instances of fraud, they should refer that fraud to the RCMP. You seem unwilling to say that.

[Translation]

**Hon. Jean-Yves Duclos:** I can say it in French if it works less well in English. A few days ago, we had a meeting with Minister Hajdu, at which you were present, Mr. Genuis. You asked exactly the same questions, and she gave you the right answers. If you want to have a conversation with Ms. Hajdu, you can continue to have it, but you already had one just a few days ago.

[English]

**Mr. Garnett Genuis:** I welcome you speaking in either language. You have provided answers in neither.

• (1155)

It's a case of fraud that a third party auditor informs government officials about. Since your officials were in the room, should they have given that information to the RCMP or buried it?

I wonder, frankly, how many other cases there are.

Can you just clearly tell your officials and the public that instances of fraud, when officials become aware of them, should be referred to the RCMP, yes or no?

[Translation]

**Hon. Jean-Yves Duclos:** I've answered this question a number of times, Mr. Genuis. In addition, Ms. Hajdu answered the same question several times just a few days ago. I think you just have to go back and look at her answers, and it will be pretty straightforward.

[English]

**The Chair:** Thanks.

**Mr. Garnett Genuis:** It's utterly incredible that you're not willing to say that fraud should be referred to the RCMP and you can't even give a simple yes to a very simple question. That's truly unbelievable.

**The Chair:** Thank you, gentlemen.

We'll go to Mrs. Atwin to finish up the hour, please.

**Mrs. Jenica Atwin:** Thank you, Mr. Chair.

Thank you very much, Minister and officials, for joining us today.

I'll switch gears a little bit. I'm really proud to represent a vibrant bilingual community. I'm from New Brunswick, which is our only constitutionally protected bilingual province.

Vote 1b includes \$9.6 million “for the Translation Bureau to provide linguistic services to Parliament”. Can you speak about the importance of the translation bureau for minority-language communities like those in New Brunswick and also, in general, the importance of interpretation services for the workings of Parliament?

[Translation]

**Hon. Jean-Yves Duclos:** Thank you. We know that you're a proud representative of your riding and that you have the ability to be a proud representative of the diversity of the people in your riding. We can feel it in your values, and we can see it in your actions.

Indeed, we're fortunate to have a large bilingual country where people, particularly in the Canadian government, have the right to express themselves in the official language of their choice. The investments in the translation bureau that are part of the estimates are absolutely essential investments.

I know that some of the interpreters are listening today. We know how difficult and decisive their work is for our work, and we are grateful to them. They need tools to do their job, tools to protect their health, particularly their hearing health. As you said so well, it enables francophones who have the opportunity to live in your riding and other francophones across the country, particularly those

here in the House of Commons, to do their work in support of their communities.

[English]

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

I've had the pleasure of serving on the indigenous and northern affairs committee as well, where MP Idlout is able to speak in her Inuktitut language, and we've had access to translation services.

Can you speak to any efforts to expand access to indigenous languages at the interpretation level?

[Translation]

**Hon. Jean-Yves Duclos:** That's an excellent question, and I'd like to give you a fairly specific answer.

Can you answer, Madam Deputy Minister?

**Ms. Arianne Reza:** Certainly.

[English]

Absolutely. The money that we're getting, the \$9.6 million, is going to help us across the official languages, as well as increase access to indigenous interpreters by working with various first nations and communities to bring people to Ottawa or look at hybrid Parliament in a way that will better increase access.

**Mrs. Jenica Atwin:** Excellent. That's great to hear. Thank you so much.

Budget 2024 explained how labour shortages and resource constraints have strained translation services. Can you speak to how the translation bureau is working to resolve those labour shortages in the medium to long term?

**Hon. Jean-Yves Duclos:** That's a great question.

We do that in different ways. The most important one is to support those translators who are currently working for the federal government and to ensure their safety and their health in particular. The second piece is to assist other organizations to train new interpreters and translators.

Just a few weeks ago, I was able to announce, in my own city, an important partnership with Université Laval that is going to lead to their creating a new microprogram on interpretation and translation from which up to 10 new students will graduate every year. This is great for my city, obviously, but we're doing similar things in other parts of Canada so that we have a continuing flow of new talent and people into supporting the translation and interpretation services here in the House of Commons and Parliament.

**Mrs. Jenica Atwin:** Thank you.

With my remaining time—I have about a minute left—maybe I will return to the indigenous procurement piece, because it has certainly been a hot topic here in the House of Commons. I have listened to a lot of the witness testimony, and it has been about improving access for indigenous businesses.

Can you speak to how PSPC is encouraging the participation of indigenous businesses?

• (1200)

**Hon. Jean-Yves Duclos:** This has to be the top priority, because there are about 2,900 indigenous businesses registered in the indigenous business directory, although we know that there are approximately 60,000 indigenous businesses in Canada. There are many indigenous businesses that have yet to be able to support the needs of the federal government and, therefore, support their workers and their communities by participating fully in the procurement system.

We have Procurement Assistance Canada, and we have an equity plan and an engagement strategy, which is—not entirely but somewhat—focused on reaching out to, informing, encouraging and supporting indigenous businesses across Canada, including in your own riding.

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

**The Chair:** Thanks very much, Minister. We will excuse you. Thanks for joining us again. Have a wonderful Christmas.

We're going to suspend for about two minutes to excuse the minister and get the next witnesses set up.

• (1201)

(Pause)

• (1207)

• (1205)

**The Chair:** Good afternoon.

We are back in session with our officials now for an hour.

We're going to start with Mrs. Block, please, for six minutes.

Go ahead.

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

Mr. Benay, I'm going to direct a number of my questions to you.

I was very interested to see a request for additional funds for NextGen in the supplementary estimates, especially since I had put a request into the minister's office for a briefing on NextGen and have yet to hear anything back. That was over a month ago.

As of June 10, 2024, the government had spent just shy of \$80 million on this new system. As the person in charge of the development of the NextGen pay system, can you please explain to the committee why you need \$102 million over the next few months, when you've spent less than that over the past few years?

**Mr. Alex Benay (Associate Deputy Minister, Department of Public Works and Government Services):** The difference is that we are in a period when we are designing and configuring the new solutions. We're moving beyond analysis to configuring the new solution with Dayforce. It is also money that will be used to continue to develop our AI capability to clean the backlog so that we can transition to a new system.

We are moving into a different phase of the project, where we want to prove feasibility by the end of the fiscal year.

**Mrs. Kelly Block:** It's ramping things up, so to speak, from the previous period.

You've held a number of positions, both inside and out of government, over the past few years. Did you ever work for MindForce AI?

**Mr. Alex Benay:** If you're referring to MindBridge, yes, I have.

**Mrs. Kelly Block:** I'm sorry. It's MindBridge AI.

**Mr. Alex Benay:** That's correct.

**Mrs. Kelly Block:** When did you work for them? What time period did you work with them?

**Mr. Alex Benay:** I can get you the exact dates, but it would have been immediately after my departure from government.

**Mrs. Kelly Block:** The government was your employer directly prior to your time with MindBridge AI, then.

Is there a cooling-off period when you are moving to the private sector after holding a senior position in government, such as a CIO?

**Mr. Alex Benay:** There is. There's a procedure through the Ethics Commissioner, which I followed.

**Mrs. Kelly Block:** I have a copy of an email that was sent from you to Mr. Minh Doan on August 21, 2019. I believe you were still employed by the government at that time. You were seeking to set up a demo for MindBridge AI, your soon-to-be employer, using your personal email.

Does this contact between you and a senior government official constitute a violation of the required cooling-off period?

• (1210)

**Mr. Alex Benay:** I'd have to check the dates and come back to you, to be honest with you. I'm happy to do that.

**Mrs. Kelly Block:** Thank you very much. We'd appreciate receiving that in writing.

These emails fall within the time frame of emails that Minh Doan deleted. Were you aware of that?

**Mr. Alex Benay:** No.

**Mrs. Kelly Block:** It seems a little suspicious that all of these emails disappeared.

We would appreciate it if you would get that information to us.

**The Chair:** Let me pause the clock for one second.

I will just advise you that the committee has passed a motion requiring all requests to be responded to within 21 days.

**Mrs. Kelly Block:** Thank you, Mr. Chair.

Ms. Reza, I'll turn to you.

In the estimates, there is a line asking for \$464 million, I believe, for funding for Public Services and Procurement Canada for organizational project management capacity assessment, investment planning and enabling authorities. That's quite a mouthful. Can you tell us what this is for? Is this assessment being run in-house or is there an external contractor doing this work?

**Ms. Arianne Reza:** I'll have to turn to my CFO to confirm whether this is the \$469 million that's part of the capital that's associated with our ask in the supplementaries as it relates to various projects, such as Place du Portage, the West Memorial and the parliamentary precinct. There may be project management associated with the engineering and the A and E.

Just let me confirm that.

**Mr. Michael Hammond (Assistant Deputy Minister, Chief Financial Officer, Department of Public Works and Government Services):** Perhaps we could just clarify where you're taking the \$400 million from.

**Mrs. Kelly Block:** It's vote 1b, funding for Public Services and Procurement Canada for organizational project management capacity assessment, investment planning and enabling authorities.

**Mr. Michael Hammond:** This would be part of the \$620 million we're requesting as part of the supplementary estimates (B). It's capital funding, primarily, to support the projects that Ms. Reza mentioned.

**Mrs. Kelly Block:** I appreciate that answer.

I'd also like to follow up on a question I had asked the minister regarding recovering money. Perhaps I'll ask a question in regard to recovering money from the fraudsters who have managed to defraud the government over a period of time.

At the public accounts committee, you and your officials testified that negotiations were ongoing with these individuals to get money back. Can you please explain to us the nature of these negotiations? Why are you even negotiating with them instead of actually demanding that they pay the money back?

**Ms. Arianne Reza:** Thank you very much for the question. It gives me the opportunity to state that I have confirmed that the number of cases we have sent to the RCMP is seven. That number stands.

I think there was a question around how much money is owed or how much we anticipate on the fraud. I said \$4.5 million. That is only partially accurate, as we're still continuing to assess those that were referred in November. That number will likely go up.

On the \$4.5 million, we anticipate recovering \$2.1 million or \$2.2 million before year-end.

To the question about why it's taking us so long, we just started, in the last few months, with a new authority that Treasury Board gave us to actually act as the collection agent on behalf of the Government of Canada. We didn't have that before.

The next piece, as I've indicated at previous committee hearings.... It's at the consultant level. Sometimes the suppliers themselves are unaware that the consultant is working with a different firm and that there's defrauding going on. What we have done now is accelerate—

**The Chair:** I'm sorry, but that is our time, Ms. Reza. Perhaps Mr. Bains can give you an opportunity to finish.

Mr. Bains, the floor is yours for six minutes, please.

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

Thank you to our officials for joining us today.

I want to ask about the current status of the NextGen HR and pay project. Could you provide an update and give any recent milestones that may have been achieved there?

**Ms. Arianne Reza:** I want to start by noting that if there's any interest in having an HR NextGen pay and Phoenix briefing, we stand at the ready to support that.

Alex.

• (1215)

**Mr. Alex Benay:** Yes, absolutely.

We're happy to report that we've started the testing of certain components of the NextGen solution, or Dayforce, with SSC and PSPC at this point. The tests are proceeding very well.

We are also in a position to report that we will be turning on our AI virtual assistant agent with the pay centre to help them process cases. We are gaining 30% efficiency as it is, and we anticipate being able to process cases with up to 50% gain in efficiency by the time the fiscal year is completed.

We have also done a lot of work with regard to starting to create consistent HR measures in town, for example hiring on the day after pay. Many large corporations around the world force you to start on the day after pay so as not to have pay impacts, so we're starting to put those in place as well with the current system.

There is quite a bit of development going on, and I'm happy to have that briefing, as Arianne mentioned.

**Mr. Parm Bains:** What measures are in place to test this and to validate the new system before it's fully implemented?

**Mr. Alex Benay:** Thank you. That's a great point.

We will not be deploying a big bang approach as we did the last time, or harvesting savings early. We will be doing this in an iterative fashion, department by department, so we will be able to test progressively along every step of the way.

In the case of PSPC and SSC, we have real users in the room currently, so the users are actually testing it and running test scripts. We will make all of the results public through our transparency by design program, which will enable us to release all the information publicly.

**Mr. Parm Bains:** You mentioned savings. We all know that the Phoenix pay system was a complete disaster. It was introduced by the previous government. Can you expand on what you meant when you said that you didn't anticipate savings? Why is that? I know that the Phoenix pay system was a complete disaster.

**Mr. Alex Benay:** I think, this time around, we've learned, as officials, that we need to put the system in place first, before we look at any kinds of savings discussion.

Right now, what we're focused on, this year and next, is making sure that this system runs as well as possible. Our goal is to have a fully configured system by the end of 2026 so that we can start deploying it in 2027. The reason it's taking so long is that we do have to configure it and test it every step of the way. There is no discussion of savings or any kind of harvesting of those savings until we actually have a very good grasp on the new system that we're putting together.

**Mr. Parm Bains:** This is being carefully done, because we clearly saw the challenges faced by the previous Phoenix pay system that the Harper government brought in. Is that right?

**Mr. Alex Benay:** It is being managed with care. We have made a decision to run two systems in parallel, so we know we will be running Phoenix for several years as we start deploying Dayforce, should all go well this year. For us, the running of two systems is to avoid some of the big bang situations so that we can course correct and avoid some of the mistakes of the past.

**Mr. Parm Bains:** You talked about AI and leveraging modern technologies to enhance the efficiencies and the reliability. Is that testing in its infancy right now? Whereabouts are you with that?

**Mr. Alex Benay:** We're about halfway through, I would say, in the testing phase. We are looking at three case types—for example, acting positions—to be able to complete the work by the end of this fiscal year and then to roll out the solution to other case types as we go through. Again, this is a case of doing things iteratively, step by step.

**Mr. Parm Bains:** Do you have anything to share on the user friendliness? I think you mentioned that you would have to wait until the pay period is over. That's one great thing that you can instantly use, but is there user friendliness that public servants can employ in some manner? Can you talk a bit about that?

**Mr. Alex Benay:** Yes, absolutely. The good thing with our AI solution is that it's being developed with pay advisers. They are in the room. We have a team of about 30 pay advisers who are helping to design the AI solution. It means that this is a tool they're developing for themselves, which is something that's a bit different than in the past, I would say.

**Mr. Parm Bains:** Are the pay advisers employees? Is that employees giving feedback?

**Mr. Alex Benay:** That's correct.

**Mr. Parm Bains:** They're helping to shape, ultimately, how they use the system.

**Mr. Alex Benay:** That's right. They're setting the direction and testing every step, and then we seek their feedback before deploying.

**Mr. Parm Bains:** Could somebody talk about the public service procurement requesting \$619 million in capital expenditures to allow departments to continue implementing projects, such as some of the developments that we're seeing here at Centre Block and the scope of those projects?

● (1220)

**The Chair:** I'm afraid there's no time, apart from about five seconds, left for a response. Perhaps you can provide it in writing to the committee.

We're going to go to Mrs. Vignola, please.

[Translation]

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

Mr. Benay, I'd like to get some clarification on the Phoenix pay system. It was purchased under the Conservative government, but it was put into service under the Liberal government. Is that correct?

**Mr. Alex Benay:** Depending on the dates, that's correct, yes.

**Mrs. Julie Vignola:** We're at a few billion dollars' worth of spending on this system.

What is the status of the NextGen HR and Pay initiative or the Dayforce solution? We're asking for \$102 million, but, so far, how many millions of dollars has the total cost been for the tests, analysis and design of this tool?

**Mr. Alex Benay:** As for the NextGen HR and Pay initiative, we've reached \$335 million since 2018, \$282 million of which comes from various budgets and approximately \$52 or \$53 million from an internal reprofiling of funds. Of that total amount, \$180 million was allocated to employee salaries, training and so on. The rest went to the three vendors that qualified on the final list.

**Mrs. Julie Vignola:** Do these three suppliers talk to each other or do they each do their own part and, at some point, the pieces get glued together? Will there be any interaction between the three before we get to the final product?

**Mr. Alex Benay:** At the moment, the three don't necessarily talk to each other. As for us, we expect the federal solution, that is to say the mother solution or the main solution, namely, Dayforce, if this year's work continues well. The expectation is that the majority of departments will use Dayforce. Some departments will use other systems, but we want those systems to share data. In fact, we have a pilot project in place to align the three systems. Having said that, I just want to reiterate that our goal is for much of the Government of Canada to use the same HR system and pay.

**Mrs. Julie Vignola:** We're going to make sure there aren't any complications like the ones we saw at the launch of ArriveCAN, where suppliers weren't talking to each other. That required constant adjustments.

**Mr. Alex Benay:** Exactly. The first two departments we're going to start with are going to use Dayforce, so the same solution.



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

Ms. Reza, Public Services and Procurement Canada is requesting, as part of its budget, \$391.5 million for professional and special services, and \$42.6 million for staff, so just over nine times less for staff than for special services. What are those special services, and why can't they be provided in-house?

**Ms. Arianne Reza:** Thank you for the question.

In the supplementary estimates, most of the funding is allocated to capital projects.

[English]

Most of that is buildings and ESAP, energy. Those projects where professional services are involved are technical third party engineering, construction and audit—things that the government doesn't do. The construction sector is heavily involved.

[Translation]

Most of them are projects that are being completed in the nation's capital.

**Mrs. Julie Vignola:** Of the \$391.5 million allocated for these projects that are ongoing, is there an amount set aside for consultants or is it all for construction companies or other companies?

**Ms. Arianne Reza:** I will check, but that amount is allocated in large part to suppliers in construction, engineering and so on. There may be some professional services that will be called upon, but I don't know if there's a breakdown of all the services.

I'll turn to Mark Quinlan, who may be able to tell you more about that.

**Mr. Mark Quinlan (Assistant Deputy Minister, Real Property Services, Department of Public Works and Government Services):** No, I don't have the details, but you're absolutely right, Madam Deputy Minister.

These sums are used primarily to pay for services rendered by architects and engineers, and to pay for technical services associated with construction projects.

**Mrs. Julie Vignola:** Ms. Reza, as you know, recently the committee received the Procurement Ombudsman. Looking at his budget, I noticed that it hadn't changed in 15 years, since his office was created, even though inflation has increased since then. Everyone's salaries have risen in the same period. The budgets of all government departments and the demands for the ombudsman's services and audits have also increased. From memory, we're now at 138% or 142% of what budgets used to be. Is there any intention of improving the budget allocated to the ombudsman and, consequently, of improving the service delivered to the people?

• (1225)

**Ms. Arianne Reza:** Yes, I noted that the ombudsman was here earlier this week. Also, of course, I see the funding applications. We're in the process of reviewing them, as has been mentioned. Whenever the committees ask the ombudsman to do a review, we do our best and always allocate the funds. On top of that, we do what we can to protect the budget, because it comes from the department. So it's always an opportunity to see how and where we're going to find support funds.

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

[English]

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

Mr. Boulерice, you have six minutes, please.

[Translation]

**Mr. Alexandre Boulерice:** Thank you very much, Mr. Chair.

Mr. Benay, I have to ask you some questions, because I find your story unclear. With regard to the pause between going from private to public, you said you were following procedures. In your opinion, what is this period?

**Mr. Alex Benay:** What I wanted to say is that I followed the procedures as soon as I left the private sector. As I mentioned, I want to go back and look at my dates, to see if I made any mistakes or not in relation to the break period following that. As for selecting a company, it was when I left that I had a lot of discussions with the ethics commissioner's office. That's the subject I'm mentioning.

**Mr. Alexandre Boulерice:** Can you provide the committee with the date you were hired by the Canadian government and the date of the last email you sent as a participant from a private company? We would very much like to have this information in order to see the chronology.

**Mr. Alex Benay:** As I mentioned, I will provide that information. I just want to make sure I have the right dates, as I don't have that on hand right now.

**Mr. Alexandre Boulерice:** I understand you, but I just want us to get along and have this provided to the committee.

In the NDP, we have great concerns about what's happening right now regarding the genocide in Gaza. The House of Commons has passed a motion banning arms sales to the Netanyahu regime. What are you doing to ensure that permits for arms sales are suspended or stopped, and that no new ones are passed?

**Ms. Arianne Reza:** First of all, the Minister of National Defence could better answer this question, but I'll see if our department has anything to add.

**Mr. Simon Page (Assistant Deputy Minister, Defence and Marine Procurement, Department of Public Works and Government Services):** I don't have any information on that. We award contracts based on the needs of Defence and our client departments. These contracts are based on very precise needs articulated by Defence. We are not involved in arms procurement outside our client departments.

**Mr. Alexandre Boulерice:** Perfect. If you ever have any additional information, please pass it on to the committee, it would be much appreciated.

I have another question, this time on the purchase and supply of F-35 fighter jets. This is a big contract. I was first elected in 2011, and we were already talking about their purchase. We're very concerned that there have to be Canadian-made components to keep good jobs here. What are you doing to ensure that, in the purchase of these F-35 aircraft, we get our piece of the pie and that we can create or maintain good jobs here?

**Ms. Arianne Reza:** We're negotiating the contract hard, right now, to make sure we have a bigger framework defining what we can do for small and medium-sized businesses in Canada, and even for large businesses.

Mr. Page, is there anything you'd like to add?

• (1230)

**Mr. Simon Page:** The F-35 aircraft acquisition process is well underway. We should have our aircraft by the dates set at the start of the partnership and the signing of the memorandum of understanding. Since Canada is part of a partnership with other countries, things are decided by consensus. That said, the acquisition process is going very well.

To answer your question more specifically, and to complement my deputy minister's answer, the contract comes with very specific elements about the maintenance of these aircraft, which must be done in Canada.

One of the elements concerns the aircraft itself, its structure; another element concerns the engine. As far as the structure of the aircraft is concerned, things are going well, as my deputy minister said. As for the engine, we've already started the process, but we've interrupted it for the moment because the sequence is perhaps a little too fast.

Also, very recently, my minister announced a partnership with L3Harris, in Mirabel, to work on the platform for these aircraft.

**Mr. Alexandre Boulerice:** That's perfect. So, we're talking about parts, engines and aircraft maintenance.

**Mr. Simon Page:** There will be two important elements. The first is the maintenance of what we call the airframe, which will be carried out at the airframe maintenance depot. This will be done with our partner L3Harris. The second aspect concerns the engine, and will be put out to tender. We'll be continuing the process in the very near future.

After that, we'll have to sit down with the members of what's called the American Joint Program Office to find out what other points we could negotiate in order to integrate them into a Canadian solution.

[English]

**The Chair:** You have 30 seconds.

**Mr. Alexandre Boulerice:** I give it back to you.

**The Chair:** Are you sure you want to give it? It's going to Mr. Genuis.

**Mr. Alexandre Boulerice:** I'm not sure about that.

**Some hon. members:** Oh, oh!

**The Chair:** Oh, it's actually Mrs. Kusie.

Go ahead.

**Mrs. Stephanie Kusie:** Thank you.

Ms. Reza, why are contractors hired by this government completely unaware of fraud being committed by subcontractors against this government, please?

**Ms. Arianne Reza:** We have been working diligently to increase the code of conduct and to reinforce the suppliers' awareness of their obligations and the flow-through from the prime contractors to their subcontractors.

We concur with the assessment that there needs to be better awareness and accountability through the work that we're doing in terms of restitution, for example. As I started to say in an answer to a previous question, not only are we accelerating, but we are now starting to move to court. We are reinforcing very vigorously those responsibilities.

**Mrs. Stephanie Kusie:** Why do you continue to negotiate with contractors who are responsible for their own subcontractors and therefore should ensure the work is actually being completed by the people they hire?

**Ms. Arianne Reza:** Again, as we've noted, we're building this muscle. In the last six months, we've started identifying the cases using data mining and asking TBS for special authorities to be able to seek restitution from the companies.

We're giving due recourse and a chance for them to cure.... We say, "Hey, we've discovered a problem. You may not have been aware of it because this sub is working for a different supplier. You are likely not aware of it because, if you were aware of it, it would be a supplier fraud."

In a way, right now, we're focusing on the subs. We are really reinforcing expectations on them and shortening that negotiation period, so they have a cure period to be able to fix it and make the government whole, and then we move to court if they don't do so.

**Mrs. Stephanie Kusie:** Thank you.

Could you please provide the committee with the name of the general contractor you are working with?

**Ms. Arianne Reza:** We have submitted to this committee the names of the seven subcontractors. I think that, in the first four instances that we referred to the RCMP, there were 35 suppliers implicated.

I'm not sure.... I don't know. I know Madame Poulin is on the phone. Perhaps she has more information. "On the phone" is a little bit old school; she is attending virtually. She may have more information available.

**Mrs. Stephanie Kusie:** Why is it so difficult to ensure that contractors and subcontractors are actually completing the work they've been asked to complete?

• (1235)

**Ms. Arianne Reza:** Again, there are many different lenses to that. Client departments have a responsibility to review the quality of the work that's being provided to them through goods, services or a construction contract. It's a continuum of responsibility. I think that, both here at PSPC and across the government, we're reinforcing those responsibilities, as well as putting that responsibility on the suppliers.

**Mrs. Stephanie Kusie:** Are there any standards as to how many hours a certain project should take or an analysis to ensure that work is actually being completed?

**Ms. Arianne Reza:** I think there are two key pieces to that. First, the business requirements are set by the client department. They've identified a need, whether it's a mandate or a government priority, to develop something. They work with their project management and their own business expertise to evaluate what they project.

From the tendering and procurement process, we look at it to estimate the time, quality and resources required. Thereon, the contract is awarded. Subsequently, we look through task authorizations, verification, audit and contract management—which I think is something that this committee studies a lot—in terms of ensuring that the work is done and accurately estimated.

**Mrs. Stephanie Kusie:** Why did the President of the Treasury Board find it necessary to write in her updated managers' guide that contractors should not be paid unless the work has been completed?

**Ms. Arianne Reza:** Again, that's probably best addressed to the Treasury Board Secretariat, which has the responsibility for the procurement system writ large. Perhaps they've noticed irregularities that needed to be anchored in policy.

**Mrs. Stephanie Kusie:** How many companies have been paid but have not completed the work that the government was paying them to complete?

**Ms. Arianne Reza:** Again, I'm going to go back to the issue of the seven cases where we found fraud in terms of overbilling for time as the anchor of what we have on our radar as we speak.

[Translation]

**Mrs. Stephanie Kusie:** Thank you very much.

[English]

**The Chair:** Thanks.

Just quickly, Mrs. Kusie was asking for the name of.... You mentioned subcontractor sources. She was asking for the level above that you're negotiating with. Can you provide those to the committee within 21 days, as requested? Thanks.

We'll go to Mr. Sousa, please.

**Mr. Charles Sousa:** Thank you very much.

Hi, guys. Can you provide an overview of the key responsibilities—

**Voices:** Oh, oh!

**Mr. Charles Sousa:** I'm just trying to be nice. I'm just trying to lighten it up a little bit.

Ms. Reza, can you provide an overview of the key responsibilities and functions of the office of supplier integrity and compliance and how it collaborates with other departments and agencies to uphold the integrity of the federal procurement processes?

**Ms. Arianne Reza:** I will start, and then I will turn to Madame Poulin, who is on the line with us.

OSIC is a relatively new office, established in early June. Its intent is to broaden what we had initially in place around our capacity to suspend and debar suppliers. Right now, we have the latitude to look at where there are proceeds of terrorism, money laundering or human trafficking—a whole slew of different areas that we can now look at in terms of what's happening in the federal procurement system.

We are now encouraging all client departments to write to us, contact us, when they suspect fraud or when they've sent something to the RCMP. It is our intent to look at the federal procurement system as a whole and identify areas where we can suspend and then potentially debar suppliers. This is a much broadened scope. It's relatively new, so we're building those muscles. We don't necessarily need a client department to tell us there's a problem. It is our first line of defence.

**Mr. Charles Sousa:** What limitations did your department face in addressing supplier misconduct and ensuring the integrity of the procurement system under the previous government's integrity framework?

[Translation]

**Ms. Arianne Reza:** Ms. Poulin, I'll turn to you to answer the question. Thank you.

**Ms. Catherine Poulin (Assistant Deputy Minister, Departmental Oversight Branch, Department of Public Works and Government Services):** Thank you for the question.

[English]

As the deputy mentioned, we received further authorities back in June 2024. One of the main improvements to the ineligibility and suspension policy is that we can now act without charges or convictions. This is a very important achievement, because the risk that those suppliers pose to the federal procurement system is not necessarily at the time of charges or convictions. This is a very important achievement and change.

Another point about the office of supplier integrity and compliance is that we are building data analytics capacity in order to detect more rapidly a situation that we might face.

• (1240)

**Mr. Charles Sousa:** Thank you for that.

Can you explain, then, the process of declaring a supplier ineligible or suspended from a federal contract?

**Ms. Catherine Poulin:** Within the office of supplier integrity and compliance, I hold the title of registrar of ineligibility and suspension. In order for me to make decisions, because I'm the decision-maker under that policy, I have a great team of experts, who look at multiple sources of information to establish if that supplier could pose a risk to the federal government.

If we find something, we send a notice of intent to suspend that supplier, and we give them 10 days to reply to us, because I need to offer fair and due process to suppliers. They have 10 days to come back to me and say why they should not be suspended. If I do not receive a response, or if the response does not change the initial assessment, we declare that supplier suspended or ineligible, depending on the case.

Once that determination has been made, the name of the supplier will be posted on the web in order for other people to see that this supplier is suspended or debarred from federal procurement.

**Mr. Charles Sousa:** Thank you for that.

How does OSIC address concerns related to human trafficking, forced labour or other serious offences in the supply chain?

**Ms. Catherine Poulin:** The policy is the main tool that we are using. In the revised ineligibility and suspension policy, we have added triggers in order for us to start the work in relation to human trafficking and other environmental and social triggers.

That gives us the ability, when we find instances of human trafficking, to start a dialogue with the supplier. We will go through a massive source of information, and if we find something, we can then ask the supplier to provide us with answers about that, which was not possible before OSIC was launched. Again, at the risk of repeating myself, we were only able to act under charges by law enforcement or a conviction in a tribunal.

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

I appreciate your levity, Mr. Sousa.

Mrs. Vignola, go ahead, please.

[Translation]

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

Mr. Page, year after year, the Department of National Defence has trouble spending the money it's allocated. Is it the same this year, to your knowledge?

**Mr. Simon Page:** The numbers are managed by the client departments. These figures are currently managed by the Department of National Defence and, if you want a precise answer, you should ask the Minister of National Defence.

What I can tell you is that, at the moment, a number of major contracts are related to shipbuilding and aerospace; these are contracts worth several million dollars, even several billion dollars. Lately, many contracts are related to land-based activities and technology. It's important to understand that these are contracts with long maturities.

Earlier, I was asked about the F-35 aircraft. The money is distributed according to the sequence of acquisition and support required. So there are no large amounts showing up immediately in

the Department of National Defence's statements of account, but the figures will increase over the next few years.

**Mrs. Julie Vignola:** If I understand correctly, we can expect our armed forces to have all the equipment they need or will need. The warehouses will fill up in the coming months, if not years, in terms of ammunition, boots, helmets and clothing.

• (1245)

**Mr. Simon Page:** Once again, this is a question that should be put to the Department of National Defence. They know what the forces need in terms of equipment, for example. It's this department that will determine what they need and what they have at the moment. For our part, we consider all their needs before awarding contracts. I'd like to think we do it pretty efficiently.

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

As for the contracts, in fact—

[English]

**The Chair:** I'm afraid that is our time.

Mr. Boulерice, go ahead, please, sir.

[Translation]

**Mr. Alexandre Boulерice:** Thank you very much, Mr. Chair.

Mr. Benay, I'd like to come back to the pay system. Everyone was very traumatized by the Phoenix system, which cost Canadian taxpayers a lot of money and created a lot of problems for federal public service employees.

Now, new expenses are being generated for something called Dayforce. We're all very concerned. Tens of thousands of Canadian government employees are very worried because they've been traumatized by the Phoenix experience.

What have you learned from Phoenix, and what are you doing differently to make sure it doesn't happen again?

**Mr. Alex Benay:** I think we could spend an hour talking about the lessons learned from Phoenix, unfortunately.

I'll mention two of them anyway.

Firstly, we're going to proceed gradually, not in a big bang. We're not going to set up a system for 400,000 employees all at once. Instead, we're going to proceed one department at a time, and adapt according to all the lessons learned as the project progresses.

Secondly, we have adopted an integrated transparency approach. The aim of this approach is to provide the public with as much information as possible. All information related to our committee meetings, systems architecture, third-party reports and data reports will be made available to the public. In fact, they already are. Every quarter, we publish an online update with all the documents. We organize briefings for the media and all government officials. I think this is one of the first times we've put out a call to all Canadian government employees to give them updates.

From our side, if we're missing something, we want to know about it.

**Mr. Alexandre Boulerville:** Are you going to take into consideration simple items like overtime, sick leave and parental leave? These are elements that were not taken into account by Phoenix, which put thousands of people through hell.

**Mr. Alex Benay:** I'd say yes, absolutely.

We surveyed Dayforce customers precisely to make sure we had answers to certain questions about different companies, different sectors, who have different needs. They have quite specific needs, but it works well for them.

For my part, I'm confident that it will work well for us. It's a question of how we're going to proceed in relation to the solution as it stands.

**Mr. Alexandre Boulerville:** What does the implementation schedule look like?

**Mr. Alex Benay:** By the end of the year, we'll have the detailed schedule. That's one of our goals for the fiscal year.

[English]

**The Chair:** I'm sorry, Mr. Benay. We are out of time.

Perhaps you could provide something in writing, or perhaps in the new year we could invite PSPC back specifically for a session just on Phoenix and an update.

We're going to go to Mr. Genuis for five minutes, please.

**Mr. Garnett Genuis:** Thank you, Chair.

Ms. Reza, you've referred seven cases of fraud to the RCMP. I'm a bit worried about the cases of fraud not referred to the RCMP as well. How many instances have there been, in the last nine years, where an official of some level or a third party reviewer has alleged fraud and the government chose not to refer that issue to the RCMP?

**Ms. Arianne Reza:** Thank you very much for the question. Of course, that's a hard question to unpack. We can certainly try to triangulate some information.

First off, any serious allegation of fraud is referred to the RCMP or to law enforcement. You've heard that at committee through the AG report and the ombud. They have said themselves that wherever they've seen fraud, they've referred it.

I know that we co-managed a tip line for competition. When we get any tips, we are always triaging and looking at them. There is a certain threshold for the definition of fraud, but it's always acted upon and followed up on, depending on—

**Mr. Garnett Genuis:** I'm going to seize on the word “serious”. You said you refer “serious allegations of fraud”.

Is it common for you to receive allegations of procurement fraud that are ultimately deemed unserious by senior officials?

**Ms. Arianne Reza:** Certainly, with all of the ones that I've received, I've always referred them immediately to a departmental oversight branch to investigate, review and subsequently action.

What I meant—let me clarify my remarks—is that sometimes we receive allegations of fraud that are unfounded. Those do not get referred.

• (1250)

**Mr. Garnett Genuis:** To be clear, I'm not talking about a random, unidentified member of the public giving you an anonymous tip saying that so-and-so should be investigated. I'm talking about people inside of government or a third party investigator that you've hired.

Obviously, what brings this to our attention is the case that we heard about at committee this week. A third party auditor engaged by the government met a group of senior officials from multiple departments. He alleged fraud, shared evidence for that and suggested a referral to the RCMP. That referral did not happen.

Would that have been a case where somebody determined, for whatever reason, that those weren't serious? What's your response to that case?

**Ms. Arianne Reza:** Well, I don't believe so. In general.... We can turn to Catherine if she has comments specifically on allegations of fraud, the number we've received and what we've referred over the years. I can speak to you a little more specifically about that case, because, of course, I've been following the deliberations of the committee—

**Mr. Garnett Genuis:** Can I just ask this first? I would like a follow-up on specific numbers and instances, like how many cases there have been of internal allegations of fraud that were not referred, if you can get that answer to us in writing.

However, I'd like to hear your feedback on this case as well. I'd like to hear your follow-up.

**Ms. Arianne Reza:** I think what's of relevance to the committee's deliberations, a factor for consideration, is that, in the report by the auditor, there is no mention of fraud. When the report was submitted to departmental officials—at that time Health Canada and others, that was the client—the report noted “non-compliance”. The contract was terminated for non-compliance and was re-competed in a non-indigenous procurement aspect.

In the auditor's report—

**Mr. Garnett Genuis:** Just to be fair, the auditor's role is not to make definitive determinations of criminal activity. It's his role to assess compliance or non-compliance, but he also shared that he thought there was substantial evidence that there was fraud, and he explained why. According to his testimony, that information was not acted upon. Outside of the scope of the audit, he uncovered information that, it seems, was not acted on.

Have you investigated whether the meeting he describes did happen and whether officials were told about fraud? Do you have information as to whether that meeting occurred, what was said and what decisions were made?

**Ms. Arianne Reza:** Unfortunately, as it relates to the meeting, the material is relatively fresh. We don't yet have the evidence that was submitted to the committee. We're still looking at the chronology of events.

I have some familiarity with the case. I recall that I had just arrived in the role of ADM of procurement. I was testifying at this committee on indigenous procurement, and it was really around the non-compliance of this joint venture, so—

**Mr. Garnett Genuis:** Can I just say, as well, that CHCA got over \$130 million of contracts from the government since 2019. They were found to be non-compliant. There were concerns that there was fraudulent criminal activity going on. Why did they continue to get contracts worth over \$130 million?

**The Chair:** Give just a brief response.

**Ms. Arianne Reza:** The joint venture was found to be non-compliant. The companies individually were allowed to compete for contracts in subsequent years. They were found non-compliant in the PSAB program, but they were allowed, and both sides—the indigenous company as well as the non-indigenous company—were not subject to any sanctions.

Now, in a new framework, there may be a different outcome—

**The Chair:** I have to cut you off there, because we are past our time.

We go to Mr. Jowhari, please.

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

Welcome to the officials. Ms. Reza, it's good to have you back with your officials at our committee, and thank you for your wholehearted responses.

I'm going to direct this question to you, and you're welcome to direct it to any of the members of your team.

PSPC is requesting \$7.7 million under operating expenditures, vote 1b, “for the Presidency of the 2025 G7 Summit in Canada”. This is a horizontal item, with about \$85 million requested across four departments in these estimates. This is also part of the 2024 budget initiative, which is about \$113 million in funding for various departments.

Can you or any of your team members shed some light on what items are on the agenda for this summit?

**Ms. Arianne Reza:** I think PSPC's contribution to some of the back-office functions associated with the G7 is actually reflective

of how we support many different government horizontal initiatives that come as time passes.

For specifics around what we're doing with our \$7 million, I'm happy to turn the floor to my colleague, Mark Quinlan.

● (1255)

[Translation]

**Mr. Mark Quinlan:** Global Affairs Canada is, of course, playing its role as coordinator and leader within government. At Public Services and Procurement Canada, as my deputy minister just mentioned, we provide support for leases and some construction on the sites. In addition, this year's request includes modest amounts for salaries, travel and certain other expenses, in order to support the direction imposed by Global Affairs Canada.

[English]

**Mr. Majid Jowhari:** So you wouldn't know anything about the scope of the work, what the requirements are or what projects Canada will be highlighting in that.

**Ms. Arianne Reza:** In terms of the substantive content of the G7 agenda, there is a G7 Sherpa, and Global Affairs and the centre are looking very carefully in consultation with international committees on what will be the best agenda topics.

On our side, we are looking at things like leasing, renting, security, safety and the various elements of either procurement or leasing that have to be in place to enable a smooth and successful G7 from a bricks and mortar perspective.

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

PSPC is also requesting authorities for transfer of about \$640,000 from the Treasury Board Secretariat under operating expenditures, vote 1b, to support projects that will reduce greenhouse gas emissions in federal government operations.

Can you give us some specifics on that transfer at the project level, if any exist?

**Ms. Arianne Reza:** I'll start at a high level and turn to Mark for assistance.

In fact, PSPC is one of the lead departments in terms of reducing greenhouse emissions through the built environment and through the procurement environment, looking at various elements such as energy, clean energy, and working with.... I know that Alberta and New Brunswick have been key leaders in this area, so we are looking at projects specifically around that.

I think some of the money that is associated with it goes to ESAP, which is the energy savings plan that Parliament is part of. Some of those areas are associated with that.

I don't know, Mark, if you have any further precision.

[Translation]

**Mr. Mark Quinlan:** I don't have a lot of information to add, other than the government's goals for greening its real estate portfolio. It's about spending on the energy system in the National Capital Region. The purchase of these certificates also allows us to contribute to certain jurisdictions whose energies are less renewable.

[English]

**Mr. Majid Jowhari:** Thank you, Mr. Chair. That's my time.

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

Colleagues, I appreciate today. I have some things for the officials, and I'll get to you, Mr. Genuis.

For the officials, I have a couple of quick questions, if you're able to provide responses back in writing.

Mr. Page, can you write to the committee and update us on the CC-295, the Kingfisher, which is one of my favourite topics? How many have been delivered, and how many have been certified? Please provide cost overruns, any holdbacks and any progress payments made regarding the Kingfisher. I appreciate it.

It's a similar issue on the AOPS. I understand that the last one is getting ready for delivery. Could you provide to the committee how much we are over budget on them and how much we've had to spend to address some of the issues, like the generator, water filtration, flooding and anchor?

For Ms. Poulin, regarding the integrity regime, we saw with the CEBA issue that Accenture got remarkable access to government resources, taxpayers' resources, without any oversight. Accenture has been repeatedly charged by the U.S. Department of Justice in the States for false claims against the U.S. government. Please provide in writing how that affects the integrity regime here, because Accenture, unlike perhaps Deloitte, doesn't have a separate Canadian division. It is Accenture, period. If you could get back to the committee with that, I would appreciate it.

Mr. Genuis, go ahead, sir, on your point of order.

• (1300)

**Mr. Garnett Genuis:** Thank you, Chair.

On November 19, when Minister Hajdu was here, I asked her about whether there were any Liberal-appointed senators or Liberal MPs who had businesses on the indigenous business directory. She

didn't have an answer ready at the time, but she committed to providing that information back to us within the usual time frame. She may have hoped that I would forget about it, but I have not forgotten. The time frame promised has elapsed, and we have not received that information, as far as I know.

I wonder if we could receive an update from you or the clerk on what steps are being taken here to ensure that the committee's right to request this information and the minister's undertaking that it would be provided are being respected.

**The Chair:** That is a very valid point.

I assume that it has not been provided yet.

**The Clerk of the Committee (Mr. Marc-Olivier Girard):** No.

**The Chair:** Okay.

I'll ask our clerk to follow up with Minister Hajdu's office for that very important information.

**Mr. Garnett Genuis:** It's probably too late in the term to take too aggressive remedial actions collectively, but I hope, Chair, that with the clerk you can really underline that we will expect this information about businesses owned by Liberal MPs and Liberal-appointed senators that are on the indigenous business directory.

Obviously, if we have to wait another six weeks and we still don't have them by the time we come back in the new year, then a very aggressive response to the failure to hand over the information will be justified.

**The Chair:** The motion passed by the committee does allow an opportunity for the committee to haul people back to committee to answer for not obeying the committee motion, which says 21 days. I'm assuming that it will not be necessary, but we'll ask our clerk to follow up and we'll have a response on Tuesday.

On Tuesday—thank you for the lead-in—we are meeting for an hour and 20 minutes with the Public Sector Integrity Commissioner. The witnesses we had hoped could be here in person for the indigenous study are not able to commit to being here in person, so we will see them in February. We'll have one last round with them to finish up that part of the study.

With that, thank you, everyone.

We are adjourned.







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