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# **Standing Committee on Government Operations and Estimates**

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**EVIDENCE**

**Thursday, March 22, 2018**

—  
**Chair**

**Mr. Tom Lukiwski**



## Standing Committee on Government Operations and Estimates

Thursday, March 22, 2018

• (1100)

[English]

**The Vice-Chair (Ms. Yasmin Ratansi (Don Valley East, Lib.)):**

Good morning. Today's meeting, as you know, is on procurement strategy for aboriginal businesses and small and medium-sized enterprise in federal procurement. There's only one panel today, from 11 o'clock until 12 o'clock.

We have, from the Department of Public Works and Government Services, Rob Wright, Assistant Deputy Minister, Parliamentary Precinct Branch; Nathalie Laliberté, Director General, Program, Portfolio and Client Relationship Management; and Matthew Sreter, Executive Director, Strategic Policy Development and Integration Directorate, Acquisitions.

Marc LeClair of the Métis National Council was supposed to appear today but had to cancel.

The first group is going to be here for one hour, and our meeting will end at noon. Mr. Wright has to leave 10 minutes early, so don't think he's disappearing on us.

With that, who has opening remarks?

[Translation]

**Mr. Rob Wright (Assistant Deputy Minister, Parliamentary Precinct Branch, Department of Public Works and Government Services):** Thank you, Mr. Chair.

My thanks also to all committee members.

My name is Rob Wright and I am the Assistant Deputy Minister responsible for the Parliamentary Precinct Branch within Public Services and Procurement Canada.

I am here to speak to you today about our work in the Parliamentary precinct as part of the committee's study on small and medium enterprises in federal procurement, and on the procurement strategy for aboriginal business.

Joining me today is Nathalie Laliberté, Director General for the Program, Portfolio and Client Relationship Management sector within the Parliamentary precinct. Nathalie is currently supporting officials at Canada-Indigenous Relations and Northern Affairs, as well as the national indigenous organizations and local stakeholders, to develop the vision for a national space for indigenous peoples at 100 Wellington, the former American embassy.

Also with me from our department is Matthew Sreter, Executive Director, Strategic Policy Development, Acquisitions. As it does for the Government of Canada more broadly, the acquisitions program provides procurement services to help us accomplish our important mandate here in the Parliamentary precinct.

The Parliamentary precinct is made up of 34 crown-owned buildings, 28 of which are designated heritage buildings. It includes Canada's Parliament buildings as well as the buildings along Sparks and Wellington streets. Our role is to operate and maintain these facilities on behalf of Parliament, and to undertake the planning and delivery of work to restore and modernize these important and iconic federal assets.

We are making good progress so far in our effort to bring these 19th-century buildings into the 21st century. Since restoring the beautiful Library of Parliament in 2006, we have completed a number of major projects, including the Sir John A. Macdonald building in 2015 and the building we are meeting in today, the Wellington building, in 2016.

In the next few months, we will be completing the government Conference Centre, phase 1 of the Visitor Welcome Centre and the West Block. The completion of these state-of-the-art facilities will enable the Centre Block to be emptied and its major restoration to begin.

[English]

In undertaking our work, we engage the private sector for a broad range of services, including skilled trades, construction, manufacturing, and professional services, such as urban planning and architecture and engineering expertise. The procurement processes used to secure these services are led by our department's procurement branch in accordance with the policies set out by the Treasury Board of Canada.

Large-scale restoration and modernization projects, such as the West Block, for example, are extremely complex. While we engage directly with a broad range of small and medium-sized companies, we also typically have in place large contracts for architectural and engineering services and construction management to help us manage these large-scale infrastructure projects.

It is important to note, however, that for the major construction projects, over 90% of the value flows through to small and medium-sized companies through work that is competitively subcontracted by the construction manager. For example, on a project such as the West Block, on any given day, there are approximately 1,000 people from over 40 different companies involved in the work on site.

While the work is happening here, locally, on the construction site, its economic footprint is much more national in scale. There are a number of firms supporting the work that are situated here in the national capital region, but several others come to us from a range of large Canadian cities, such as Montreal, Toronto, Winnipeg, and Edmonton, as well as a fairly diverse set of smaller cities and towns, such as Hamilton, Saint-Canut, Saint-Georges, and Chatham.

• (1105)

We're making significant investments into the parliamentary precinct and where possible, we're looking to leverage them to support socio-economic objectives. Last year, we engaged Raymond Chabot Grant Thornton to conduct an impact analysis of our work. They concluded that our department is leveraging the restoration work in the parliamentary precinct to encourage widespread inclusion of Canadians, specifically increasing the participation of youth, women, and indigenous people, as well as indigenous firms.

Partnering and engagement, both internally and externally, has been a critical success factor for our work. We have established many long-standing partnerships with Canadian universities to provide youth with skills development opportunities, while affording us the opportunity to leverage innovation and unique research experience to overcome technical challenges in our work.

Another example is a masonry apprenticeship program that we helped to create for the West Block that had over 60 participants, 30% of whom were women. This is the highest ever recorded total for a program of this nature in North America.

Regarding indigenous participation specifically, we have also had success. Using voluntary set-asides through the procurement strategy for aboriginal business, PSAB, we have awarded over \$15 million in work to indigenous firms since fiscal year 2014-15. Set-asides have been used on all of our major projects. They are provided for a range of goods, including artisanal millwork and furniture for parliamentary offices, the new cabinet room in West Block, and committee rooms, including the furnishings in this room here. They have also provided for an array of services, such as environmental engineering services, project management support services for the Centre Block, and also for the project to restore the building we are in today. Just this past fiscal year, a little over 2% of the expenditures on our major projects were made through indigenous firms.

Before proceeding further in my remarks, I would like to address statements made in previous hearings, regarding geographic barriers to bidding on contracts for work on Parliament Hill, specifically, requirements to be within a 50-kilometre radius of our sites.

The first thing that I would like to emphasize is that we want to reduce barriers to participation and not increase them. In general, industry capacity in our field of work is one of the most significant risks we face and therefore, working in partnership to increase capacity is critical to our continuing success in the future. We don't limit bidding to a geographic area. However, this particular contract was for on-site project management support services for projects here on Wellington Street and did require the ability to be on site within short notice. A 50-kilometre limit was used as a proxy to be able to perform the services on-site and support the efficient and effective delivery of the work.

The intent was not to limit bidding, but to indicate that services would be required on site. I agree with the critique that the language that was used could easily be interpreted as limiting. Therefore, when this matter was brought to our attention, we worked with our partners in the acquisitions program and took three steps. First, we removed the clause from the request for proposals. Second, we extended the tender time from 20 to 30 days, and third, we also excluded 100 Wellington Street from the contract, so that a set-aside could be used in support of indigenous leadership and participation on this historic project.

Going forward, we intend to continue to use set-asides. We are also committed to leveraging new and existing tools and engaging in broader partnerships, in order to increase the economic business, employment, and capacity-building opportunities for indigenous peoples, as well as other under-represented segments of society in this field of work, including youth and women. In this vein, we are committed to working with our acquisitions partners to require bidders for large-scale projects under set-asides to establish an indigenous subcontracting strategy, an indigenous participation strategy, and an indigenous internship or apprenticeship strategy.

In our 2016-17 annual report, which is public, we committed to doing this in 100% of our major projects and established a target of at least 5% subcontracted work to indigenous firms for our major construction projects.

• (1110)

We are also in the early stages of engaging with our federal partners at Employment and Social Development Canada and Crown-Indigenous Relations and Northern Affairs to develop an integrated indigenous participation framework that aligns with the ongoing review of PSAB and the aboriginal skills and employment training strategy, and supports the government's broader procurement modernization agenda.

It will take some time to develop in full, but as a next step, we will be consulting our indigenous partners such as the Canadian Council for Aboriginal Business and members of the national indigenous organizations so that we can collectively develop a meaningful strategy that produces sustained results.

[Translation]

In closing, we are fully committed to working in partnership to eliminate barriers, and to leveraging these iconic infrastructure projects as investments for the benefit of all Canadians.

Thank you very much.

[English]

**The Vice-Chair (Ms. Yasmin Ratansi):** Thank you.

We will go to the first round of questions for seven minutes, Monsieur Drouin.

**Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.):** Thank you, Madam Chair, and thanks to all the witnesses for being here.

Mr. Wright, I don't want to put you on the spot, but I'm going to put you on the spot for the parliamentary precinct. We're still on schedule? Okay. Thanks for the visit the last time. We really appreciated seeing how the construction projects were going.

You mentioned in the statement the 50-kilometre radius. That was an issue raised in previous testimony. So you have completely removed the clause from the request for proposal?

**Mr. Rob Wright:** Absolutely. We did. Yes.

**Mr. Francis Drouin:** The tender time was extended 20 to 30 days. Have we seen new bidders come forward because of that? They have been informed I assume.

**Mr. Rob Wright:** I will ask Nathalie Laliberté to respond to that question.

**Ms. Nathalie Laliberté (Director General, Program, Portfolio and Client Relationship Management, Department of Public Works and Government Services):** For this particular process, we had two bidders. I cannot say with accuracy if the fact that we extended has changed the result of the RFP. I don't have information in that regard.

**Mr. Francis Drouin:** You're not mentioning the results, but we have seen two bidders. I guess you couldn't tell before the 20 to 30 days, until the extension, so you don't know. Okay.

In terms of including indigenous people and their businesses, what type of strategy are you using? You talked about building capacity. We've heard there are some issues on the IT side. Just on the construction side, how are you building capacity with indigenous people?

**Mr. Rob Wright:** To date, we have used the set-aside program for aboriginal business to ensure there's participation from indigenous businesses in the work we do. Going forward, I wouldn't say we have all the answers yet. We really want to develop an approach that creates meaningful results. It's not about a tick-box exercise. We really do want it to work with the broader partnership.

We have upcoming the 100 Wellington project, which is to develop in partnership both with Crown-Indigenous Relationships and Northern Affairs as well as the national indigenous organizations and indigenous communities to create a vision for that project where there's true indigenous leadership for developing that vision for the project and then implementing it.

It's going to take some creativity, and we are working with our federal partners as well as externally to try to push the limits of what we can do within the policy frameworks we have that can ensure there are those meaningful opportunities, and that we do build capacity.

It's in our best interests as well. One of the key things we face in this work is a shortage of skilled trades. When you look at the demographics when you look forward, it would look like a larger challenge rather than a diminishing challenge over time. I think there's a good fit to achieve a win-win-win opportunity.

● (1115)

**Mr. Francis Drouin:** Again, I haven't heard anything on the construction side, but on the IT side again, one of the complaints I heard was "we were put on the list by PSAB, but that's it". They were on the list, but they were never picked at the end of the day. A lot of them are wondering what the point is of having a policy if they are not going to be included in the process.

Something I think would be useful is creating those opportunities of collaboration between the prime contractors and potential indigenous people, or even having indigenous people where the capacity is as the prime contractor.

Are you envisioning new steps in the next year in terms of how you're going to deal with that?

**Mr. Rob Wright:** I think you've put your finger on the issue.

A lot of the opportunities are in the subcontracting area and making sure of those opportunities for partnerships and joint ventures and being a part of the supply chain, so that it's not reliant only on the direct contractual arrangements with the federal government. That is going to be key. That's really where we're going forward to try to create those incentives in the prime contracts, if you will, for those firms to create strategies to engage indigenous firms, opportunities for indigenous employment, and internship and apprenticeship opportunities, so that you get that capacity-building over time as well.

**Mr. Francis Drouin:** Another issue that we've heard as well is potentially bringing PSAB within the acquisitions branch or within the department.

How would you see that? Would you see that as beneficial? I'm not sure if you can answer that question.

**Mr. Rob Wright:** Maybe I'll ask my colleague, Matthew Sreter, to respond to that.

**Mr. Matthew Sreter (Executive Director, Strategic Policy Development and Integration Directorate, Acquisitions, Department of Public Works and Government Services):** Sure, I'm happy to respond, but I don't truthfully know if I can respond to that.

Yes, I've heard that's a consideration. I'm not sure where it's at in terms of the actual considerations moving forward.

Acquisitions program is the common service provider in Public Services and Procurement Canada for the government. I think we have a really solid working relationship with the owners of the PSAB policy, and so I think separating policy and contracting considerations makes sense to a certain extent, as does perhaps collapsing them. I think there are pros and cons to both.

In terms of what Mr. Wright was saying earlier, key to what we're looking at here, whether it's in one organization or both, is how we are modernizing our approaches. How are we actually changing the way we do business?

One example of what Mr. Wright referred to earlier, in another context that will take you to defence procurement, is under our national shipbuilding strategy. We've worked in partnership with the prime contractors as well as aboriginal firms to make sure we have capacity-building in the form of training. We've trained more than 1,500 aboriginal workers in very skilled trades related to steel and welding. I think looking at it holistically, rather than simply transactionally, with our partner departments and agencies is the way to go.

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

**Ms. Yasmin Ratansi:** Mr. McCauley.

**Mr. Kelly McCauley (Edmonton West, CPC):** I'd like to start, please, by introducing my motion that I put on the agenda a couple of days ago.

Do you want to hand it out?

**Ms. Yasmin Ratansi:** Yes.

**Mr. Kelly McCauley:** I'll just read it out in case everyone's forgotten it already.

That the committee hold a briefing with the Privacy Commissioner to discuss Government of Canada advertising policy with Facebook and the potential impacts on data collection and dissemination with third parties at the expense of the Canadian taxpayer, and that the meeting be held no later than May 10, 2018.

• (1120)

**Ms. Yasmin Ratansi:** Mr. McCauley, I was just given new information that the ethics and privacy committee has just approved a similar motion presented by Charlie Angus.

Do you still want to continue this?

**Mr. Kelly McCauley:** I would like to continue it because this is specifically regarding the government advertising that came out of the report from our study on government advertising. It hopefully answers some questions we had to the bureaucrats that were not answered at the time.

In light of the shocking information that's come out with Christopher Wylie, his interference with the U.S. elections, interference from the Russians, and his past involvement with the government and the Liberal party, I think it's important we have her here to discuss specifically the data, the analytics from the government ads that have been running for the last while.

It addresses the report that we had, but it also addresses the recommendations in the report that haven't been followed yet, to move away from Facebook. We asked specifically in our report that

we move away from social media advertising immediately, until we could get clarification on the privacy issues. This was long before the whole thing blew up with Facebook, so I think it's important that she come and address it.

Especially, as well, there are reports. There's one here from *The Globe and Mail* that Russian social media targeted the energy sector. We've seen Russian media interfere with pipeline issues in Canada as well. They've actually gone after the Prime Minister, I assume, again, using analytics culled from Facebook, which the government has been using for advertising. I think this is a very important issue. I think we all agree it's an important issue, and I'd like to call an immediate vote so we can move forward with it, but also get back to our witnesses.

**The Vice-Chair (Ms. Yasmin Ratansi):** Mr. Blaikie, did you want to say something?

**Mr. Daniel Blaikie (Elmwood—Transcona, NDP):** Yes, I just wanted to offer my support for the motion.

As Mr. McCauley said, it's an important issue. It's something, as parliamentarians, we're all going to have to learn a lot about in the near future, and the Privacy Commissioner would be a great person to help enlighten the folks here at the committee. As was rightly pointed out, it pertains to work the committee has already done where there was some unfinished business, so it's an appropriate step forward.

**The Vice-Chair (Ms. Yasmin Ratansi):** Thank you.

Mr. Ayoub.

[*Translation*]

**Mr. Ramez Ayoub (Thérèse-De Blainville, Lib.):** Thank you, Madam Chair.

I do not want any redundancy. I fully understand the scope of the motion. I have no problem with the principle, but, since we want our committees to be effective, we want to be able to work on multiple files. Like other committees, we have a lot of work to do. Given that this motion is parallel or similar to the one at the Standing Committee on Access to Information, Privacy and Ethics, I feel that we are ending up talking about the same things.

Basically, ethics is a matter for all committees. So this could be done in any committee really. I do not think that is effective. We want to have that information and the other committee will be able to get it for us. In this case, I cannot support this request, not because I do not like the principle of it, quite the contrary, but because, in my opinion, we can wait for the conclusions in the report by the Standing Committee on Access to Information, Privacy and Ethics. Over here, we can be tackling other topics that are just as important and can keep moving forward.

For that reason, I will not be supporting this motion.

[English]

**The Vice-Chair (Ms. Yasmin Ratansi):** Mr. McCauley.

**Mr. Kelly McCauley:** I appreciate what you're saying, Mr. Ayoub, but it is relevant, because it's specific to government advertising. We asked the question, when the bureaucrats were here, about the analytics and who had access to it. We were told specifically that non-exempt staff working for the government had access to the analytics, but the public didn't. Obviously, therefore, there is information being kept.

We're talking about a Canadian who has both in the past and since the election been hired by the current government and used this information to meddle in the U.S. election quite significantly. This is a very large story. Assuming therefore that he's had access to the exact same information that the Canadian government has collected, it is important that the Privacy Commissioner come specifically to talk to the issue of Canadian advertising that we studied in committee.

There is a comment here from her. She says that Canada's federal private sector privacy law, the Personal Information Protection and Electronic Documents Act, generally requires consent for the collection, use, and disclosure of personal information in the course of commercial activities. She goes on to say that organizations must identify the reasons for collecting personal information and ensure that these purposes are limited to what a reasonable person would expect under the circumstances.

I don't think a reasonable person in any circumstance would expect, by clicking on a government site—whether about accessing government services or fraud services or any information—that their information would be taken by Facebook and made available to the likes of Christopher Wylie for his use or for political uses.

Again, this was never settled in our study. It is very important, especially with everything that's going on and what this gentleman has done, what parties have done, and what the current government is caught up in based on the fact that it hired Christopher Wylie with taxpayers' money. It is important that she come and address the specific use of Facebook, Twitter, and Google by government for advertising, and the privacy rights of Canadians who are accessing these Facebook sites, etc. The government stated that it is almost exclusively using social media now for advertising.

I'm not done—

• (1125)

**The Vice-Chair (Ms. Yasmin Ratansi):** Thank you, your time is up, Mr. McCauley.

I'm sorry—

Yes, on a point of order.

**Mr. Pat Kelly (Calgary Rocky Ridge, CPC):** On a point of order, this is debate on the motion. This is not his seven minutes to question the...so you—

**The Vice-Chair (Ms. Yasmin Ratansi):** I appreciate that, and I'm following what Mr. Lukiwski used to do. I am not making rules as I go along. Mr. Lukiwski is the chair. I am the vice-chair. He never stopped the time, so if your time is up, then your time is up. I am just

following due process. I cannot really bypass the process he has established, or I would have allowed it.

**Mr. Kelly McCauley:** We'll refer it to the clerk.

**The Vice-Chair (Ms. Yasmin Ratansi):** We can suspend the meeting for a minute.

**Mr. Kelly McCauley:** I only need another 30 seconds, anyway. My gentleman is correct with the point of order, but I only need another 30 seconds. It's just the very fact that the questions were not answered, the very fact that there's this huge scandal going on. I don't believe the ethics...is going to specifically look into the issues of what we brought up in our specific study about Facebook advertising, government advertising. We saw that the government has moved exclusively over to social media for, I think, 85% of their advertising now. They've taken it away from newspapers, local newspapers, radios. Moving all the government advertising over to Facebook, I think, is a very serious issue that we need to address. It comes out of our study, not out of the ethics study.

**Mr. Pat Kelly:** On a point of order, Madam Chair, you had mentioned at the beginning of the debate on the motion that the motion appeared to overlap or perhaps be covered by a motion approved at the ethics committee. My understanding is that the motion that was moved by Mr. Angus at the ethics committee was actually defeated.

**The Vice-Chair (Ms. Yasmin Ratansi):** It was unanimously approved.

**Mr. Pat Kelly:** Are we certain about that?

**The Vice-Chair (Ms. Yasmin Ratansi):** Absolutely. Yes, it was unanimously approved.

**Mr. Pat Kelly:** I will defer to you, Madam Chair, but it would be certainly, I think, upsetting to those at the table if we weren't operating from correct information. So I defer to you.

**The Vice-Chair (Ms. Yasmin Ratansi):** You can double-check. Ask your staff to double-check, but the ethics committee approved it unanimously. It was proposed by Mr. Angus.

**Mr. Pat Kelly:** I will defer to you, Madam Chair, on that point, but it is critical to the debate that we are having on this motion. I think we need to be certain that we're correct.

**The Vice-Chair (Ms. Yasmin Ratansi):** Just to let the committee know, when Mr. Lukiwski had stopped the debate, and the time of the person talking was utilized as part of the debate, nobody objected to it, so he continued on. I'm not going to object to your wanting to debate, because I think you have the right to, but I guess we will have to tell Tom next time not to do it.

• (1130)

**Mr. Kelly McCauley:** There's one other thing. I'm happy to invite Facebook as well to discuss how they do collection of their information, and Twitter and Google as well, and how they're collecting private information specifically regarding government advertising. This was not to go past that; it's specifically regarding government advertising. Again, despite the report, the government has not moved toward recognizing the report or following the recommendations of the report to return to more traditional advertising such as our valued local newspapers, our valued local radio stations. The government is continuing to push all the money toward this entity that's involved in this massive scandal.

I'm done. Thank you.

**The Vice-Chair (Ms. Yasmin Ratansi):** Mr. Ayoub.

[*Translation*]

**Mr. Ramez Ayoub:** Personally, I recommend holding that debate at the subcommittee to ensure that a broader study is done and to have representatives appear from Facebook, Twitter, Instagram and all the social media. In that way, we would be able to see the possible and potential repercussions, and we would not have to make assumptions about what is happening, what could be happening, or what did not happen.

At the moment, things are fuzzy. Some information seems to be bandied around by the social media. It is now affecting Canada, but the scope is even wider. Facebook is accessible everywhere on the planet. It is not just the Government of Canada that uses Facebook and social media.

In that context, I am reassured to see that the Standing Committee on Access to Information, Privacy and Ethics is considering a study of this matter. We will see what the result is. The meeting is public, so we will be able to read the blues. No report will be published but we will be able to read the blues.

The subcommittee should consider it and reserve time for people from Facebook, among others, to appear. Personally, I see no problem with that. We will find the time to plan that meeting.

However, this motion asks for the meeting to be held no later than May 10. That is a little quick and does not allow us to plan the meeting. Up to now, the committee has always planned its meetings very consensually and very well. I feel that we should continue in that spirit.

There is no point in rejecting the motion simply out of principle. It is just a matter of not doing the same thing twice.

I propose that we vote now, so that we can move on to something else.

[*English*]

**The Vice-Chair (Ms. Yasmin Ratansi):** Mr. Ayoub, are you proposing an amendment to Mr. McCauley's motion?

[*Translation*]

**Mr. Ramez Ayoub:** I am not proposing an amendment; I am just rejecting the motion as it presently stands.

I propose that we meet as a subcommittee, less formally. We could come to an agreement at the subcommittee in order to decide what will happen subsequently. I propose that we call the question and continue the meeting with our witnesses.

If we have to vote on Mr. McCauley's motion, let's do it.

[*English*]

**The Vice-Chair (Ms. Yasmin Ratansi):** Are you calling the vote?

**Mr. Ramez Ayoub:** Yes, I call the vote.

**The Vice-Chair (Ms. Yasmin Ratansi):** Mr. McCauley.

**Mr. Kelly McCauley:** I have a lot of respect for Mr. Ayoub, and I appreciate the non-partisan way in which we mostly interact.

I disagree that the fact that Christopher Wylie used Facebook is an imaginary issue. Whether you call it a hack or improper use of analytics to mess with the U.S. election, the fact that he's involved with the current government and has worked with the party in the past is not imaginary. It's a real issue, and it's a real scandal.

Government advertising continues with Facebook, Twitter, and Google. These are not imaginary issues. We brought the issues up in the past when we did the study, and the bureaucrats mentioned that yes, they had analytics, and they shared them with internal people within the party-exempt staff.

It's not an imaginary issue that the Russians are using social media and Facebook and probably using the same analytics from people from government or people who are clicking on government sites. It's not imaginary. It's a real issue, and it affects government advertising.

I'm not asking about the wider issues of electoral reform or this and that, but specifically about government advertising. I don't think it will be reflected in another study. We've asked for this before, and I think it's very important that we have her come and address the issue of Facebook and government advertising, which is the purview of this committee and is linked to the actual study that we did previously in this committee.

We brought up the issue of privacy and who has access to this, months before this whole Christopher Wylie scandal blew up. I think it's very relevant. With all due respect—because I do have a lot of respect for you—it's not an imaginary issue. It's a real issue. I'm happy to—

• (1135)

**Mr. Ramez Ayoub:** I don't think I said “imaginary” but—

**Mr. Kelly McCauley:** You did. Maybe it was the interpretation—she's shaking her head.

I'm fine if we go to the vote, but I think it's a very serious issue. I think we should have her here as soon as possible.

**The Vice-Chair (Ms. Yasmin Ratansi):** Thank you, Mr. McCauley.



Seeing no more interventions, I'll call the vote.

(Motion negatived)

**The Vice-Chair (Ms. Yasmin Ratansi):** We now continue with the next round for seven minutes.

Mr. Blaikie.

**Mr. Kelly McCauley:** I guess that's my seven minutes.

**The Vice-Chair (Ms. Yasmin Ratansi):** Oh, I'm following Tom's processes now.

**Mr. Kelly McCauley:** Thank you for bearing with us.

I now have my seven minutes through you.

Thank you very much.

**Mr. Francis Drouin:** It's all about you.

**Mr. Kelly McCauley:** Yeah, it's all about me.

Mr. Drouin brought up the bit about you changing the exclusion zone. How have you communicated that?

It was very clear to us when we had some indigenous groups in. They were aware that they were excluded. How have you communicated that you've changed the process?

**Mr. Rob Wright:** In a minute, I'll ask Matthew Sreter to give some of the details.

**Mr. Kelly McCauley:** Just briefly, how have you communicated it?

**Mr. Rob Wright:** There's a set process that happens the same way every single time—

**Mr. Kelly McCauley:** Sorry.

How have you communicated this, please?

**Mr. Matthew Sreter:** Essentially, we contacted everybody on that supply arrangement list—so it's a supply arrangement—and we informed them—

**Mr. Kelly McCauley:** If they were excluded because they weren't allowed to bid on it originally, have you communicated to new groups that may be available? Just a month ago we had an indigenous group here who pointed it out and brought it to our attention, so they obviously weren't aware.

Have we communicated this to any groups that may have been barred originally?

**Mr. Matthew Sreter:** This was related to a supply arrangement, which means that there was a pre-qualified list of suppliers that formed part of that original listing. Upon extension of the time frame and removal of the 50-kilometre zone, all of the supply arrangement participants would have been informed of both elements at that point in time.

**Mr. Kelly McCauley:** Do you believe that's enough communication? Is there a better way we can broaden the scope of that communication to perhaps get more indigenous or targeted groups involved?

**Mr. Matthew Sreter:** The nature of the procurement vehicle itself, being that it is a pre-qualified list of suppliers, in and of itself

necessitates the communication be done with that supplier grouping that's already pre-qualified to perform those duties and functions.

In terms of any other procurement vehicles, yes, there are certainly opportunities to do better.

**Mr. Kelly McCauley:** Thanks.

You mentioned that you're working with youth, women, indigenous groups. On the metrics that you have for their opportunities that they've been successfully involved in, how do those compare to the private sector number-wise? Do you know? Are you doing better, doing worse, or not tracking?

**Mr. Rob Wright:** I wouldn't say that we've done a lot of benchmarking with the private sector for the work that we are doing. I would say we compare favourably within the federal government.

**Mr. Kelly McCauley:** That's probably not saying much.

**Mr. Rob Wright:** No, it's not.

**Mr. Kelly McCauley:** Can you provide to us in the committee the exact numbers and then compare them to similar numbers in the private sector, please, so we can see what you're doing.

Something came up last year about the renovations at the James Michael Flaherty Building. Were you involved in that?

**Mr. Rob Wright:** No, we're not responsible for that.

**Mr. Kelly McCauley:** How are we ensuring that we're not getting the same issues with the parliamentary precinct as those with the \$50,000 coat hangers? Have we changed oversight to ensure we're not getting a repeat of that?

**Mr. Rob Wright:** I will say that on the work that's within the parliamentary precinct there's a very robust oversight regime.

**Mr. Kelly McCauley:** Did you do this building?

**Mr. Rob Wright:** Yes, we did.

**Mr. Kelly McCauley:** Okay. With this robust regime, I understand that we put in the wrong windows at the Queen Street side, we put in the wrong bulletproof glass. Is that correct?

**Mr. Rob Wright:** I don't believe that to be accurate. Sometimes requirements change. Security is one of those critical elements that... After the events of October 22, 2014, there was a significant review of security for all facilities within the precinct.

**Mr. Kelly McCauley:** It's based on that. The front glass is fine, but the back glass is not? I'm just curious as to how it came about.

• (1140)

**Mr. Rob Wright:** Sometimes the requirements for...if you're talking about, for example, things like ballistic standards, those will change over time depending on reviews and studies made, for example, by the Parliamentary Protective Service as well as other security agencies. We have seen a number of those shifts over the past few years.

**Mr. Kelly McCauley:** Is PCL the main contractor, the lead contractor, for the construction work being done at—?

**Mr. Rob Wright:** There are a number of main contracts. For this building, it was EllisDon, for example.

**Mr. Kelly McCauley:** For the West Block.

**Mr. Rob Wright:** For the West Block, it is PCL construction.

**Mr. Kelly McCauley:** I have a couple of questions. How are we working with the generals to ensure that their subcontractors are, again, involving some of our target groups: indigenous and women-led companies?

**Mr. Rob Wright:** In the example that I gave for the West Block of the masonry apprenticeship program, again, it's one of the largest ones in North America.

**Mr. Kelly McCauley:** Is it written into PCL's contract that a certain number of subcontracts have to fall within a certain target group?

**Mr. Rob Wright:** That contract was put in place several years ago, and we are now making adjustments to make sure that we are able to create those flow-through opportunities in those contracts.

**Mr. Kelly McCauley:** Then it's currently not in the existing contract. Have we gone back to encourage them?

**Mr. Rob Wright:** We have had those discussions on partnering opportunities, and that does create significant successes on particular projects, and the West Block is one of those where we have seen some success.

**Mr. Kelly McCauley:** Okay. Just staying with PCL and the West Block, I understand it's a cost-plus contract. What oversight do we have? What audits do we have? I understand we've hired an outside company to oversee. How confident are we? Are these audits published? How confident are you that we're getting our money's worth, so we're not getting a repeat of these gold-plated coat hangers?

**Mr. Rob Wright:** Again, just to unpack the accountability and oversight regime a bit, it is fairly robust. One point that's important is that it is open-book accounting, and that is put in the contractual documents. That's a requirement. We do have independent cost audits that are done, and we've had a number of those done on the West Block. They've all come back with very strong reports.

**Mr. Kelly McCauley:** Are these made public?

**Mr. Rob Wright:** Yes, they are.

**The Vice-Chair (Ms. Yasmin Ratansi):** I think your time is up, Mr. McCauley. Thank you so much.

Next we have Mr. Blaikie for seven minutes.

**Mr. Daniel Blaikie:** Thank you very much.

I'll start by offering some affirmation for the work you do. Members of Parliament discuss issues of procurement at a pretty high level, but the success of these programs really depends on the work that you do getting into the details. We can pass all sorts of wonderful policies, but without the work that you do, it doesn't really get done. Thank you for getting into the details and doing that work.

I'm relatively new to the committee and new to the issues, but my understanding is that the procurement strategy for aboriginal business is a program of longer standing. It's not something recent, and it's something that I support.

There have been some recent developments on the procurement side, particularly with respect to international trade agreements. CETA and the Trans-Pacific Partnership include provisions about procurement and mitigate against having special requirements that might favour or be seen to be favouring Canadian businesses over foreign businesses that are less well positioned to work with local small contractors, whether they're indigenous contractors, women contractors, or whatever else.

I'm wondering if your department has done an analysis of the procurement provisions in those trade agreements to assess the impact of those provisions on your existing procurement programs.

**Mr. Rob Wright:** Obviously, those international trade agreements provide a framework. The good news is that the Government of Canada has expended and continues to expend more and more energy to reduce barriers and create opportunities for small and medium-sized enterprises, create opportunities for start-up companies and innovations to come to the marketplace, and create opportunities as well, such as what we're speaking to here today, more specifically to indigenous businesses, female-led corporations, etc.

I'll pass the detailed response over to Matthew.

● (1145)

**Mr. Matthew Sreter:** I think your question was, generally speaking, are we involved, and do we review the trade agreements in terms of applicability to federal government procurement?

Indeed, in terms of Canada's negotiation of trade agreements, there are usually multiple departments involved. Public Services and Procurement Canada and Treasury Board Secretariat, being in charge of the government's contracting policy, work hand in hand with Global Affairs Canada on each trade agreement, including the procurement chapters. In doing so, we would review potential implications for federal procurement and implementation.

**Mr. Daniel Blaikie:** Has there been a formal analysis done in the preparation phase for the negotiations, or subsequently, now that the deal has been concluded, is there a document that provides that analysis? If so, could it be shared with the committee?

**Mr. Matthew Sreter:** To my knowledge, Mr. Blaikie, there is no such document that provides that type of an analysis.

**Mr. Daniel Blaikie:** What is the feedback mechanism, then? Is the approach of the government, then, to simply wait until a contractor invokes one of those provisions to try to stop a particular procurement program or practice of the government and deal with it then, instead of proactively trying to understand how that works?

**Mr. Matthew Sreter:** No, not at all.

In terms of federal government contracting, if it's a change to a big-P policy, that change is manifested through Treasury Board Secretariat's contracting policy. If it's a change to small-p policies and procedures, they're manifested through Public Services and Procurement Canada's standard contract clauses, templates, as well as supply manual. Every time we conclude an agreement and it becomes effective, changes are manifested in those documents to reflect Canada's obligations proactively.

**Mr. Daniel Blaikie:** How does CETA, for example, interact with the procurement strategy for aboriginal business? In what way have those documents changed, or have they at all? And if not, why not? How do those provisions relate to the existing procurement strategy for aboriginal business?

**Mr. Matthew Sreter:** What I can tell you in terms of PSAB is that it is a program. The program itself is based on the utilization of set-asides, primarily set-asides that are found in international trade agreements.

On the set-asides in international trade agreements, Canada ensures that we have set-asides for small and minority businesses, or aboriginal businesses explicitly; and, rest assured, all of our agreements have that specific provision.

**Mr. Daniel Blaikie:** Is there a threshold for those set-asides? Is it a business up to a certain amount, and anything over that threshold can't include those kinds of set-asides?

**Mr. Matthew Sreter:** I think that's a great question. In terms of how they're manifested in the agreements currently, to my knowledge, they are not based on a specific threshold. The threshold is left to be decided by the party implementing the specific trade agreement, in other words, Canada.

**Mr. Daniel Blaikie:** Okay. My understanding with CETA is that projects over a certain amount would have to be completely open to competition, which means no additions that might favour Canadian businesses that, say, are more likely to have relationships with indigenous—

**Mr. Matthew Sreter:** Absolutely, where trade agreements provide coverage for goods or services, there are thresholds that are indicative above which those trade agreements apply. When you apply a set-aside, the set-aside provides an exemption. It sets that procurement aside in whole or in part from the applicability of the trade agreement.

For any actions undertaken under the threshold, the trade agreements do not apply. For any actions taken above, you have to look at whether or not it should be set aside, in this case, for aboriginal businesses.

**Mr. Daniel Blaikie:** Regardless of the size of a contract, if you're hiring an indigenous contractor, and say, it's a \$300-million infrastructure project, you could sole-source that and not be held to account under CETA. Am I understanding that properly?

**Mr. Matthew Sreter:** I'm not so sure I would agree with that. First, we need to analyze what agreements, including CETA or CFTA, apply to a particular procurement. Once that decision is made, we look at the procurement and the requirements and look to see what indigenous benefits could be provided. If indigenous benefits could be provided, then we set that aside for the purposes of that agreement. Therefore the value of the contract, if it's set aside in whole, does not come into play.

What come into play are specific policy considerations, for example, that are applicable under the procurement strategy for aboriginal business, ensuring that it's a mandatory voluntary set-aside and those criteria apply.

• (1150)

**The Vice-Chair (Ms. Yasmin Ratansi):** Thank you.

I'm cognizant of the fact that you have time constraints and you want to leave by noon, so we will go to one last seven-minute round, and I believe Mr. Jowhari and Mr. Peterson are going to share their time.

**Mr. Majid Jowhari (Richmond Hill, Lib.):** Thank you for joining us today.

Let me quickly acknowledge the great work that you've done. I echo what my other colleagues have said. Very much like Mr. Blaikie, I'm also new to this committee and I'm trying to get a holistic understanding of some indicators. A question was asked by Mr. McCauley, and you made a comment in response that we really don't have a lot of benchmarks yet.

I'd like to get an understanding. What is the overall budget that you're dealing with? How much of it have you spent? How many contractors has it gone to? Of those contracts, how many of them have been for indigenous? How many of them have gone to women and women's small businesses? Are any of those leading contractors getting some subcontractors coming in too?

I would like to start developing some benchmarks so that I can move on to the next. That gives you about two and half minutes to respond.

**Mr. Rob Wright:** I would say we are at the early stages of establishing a robust benchmarking, and I agree it is important. I can give you, certainly, a flavour today. If you look at this past fiscal year 2017-18 for the work that we undertake, you see that expenditure is a little above \$400 million for the major projects under way.

I mentioned three here today, the West Block, phase I of the Visitor Welcome Centre, and the Government Conference Centre. Of course, there are a broader array of projects than that. So 2.1% of the expenditures went to indigenous firms, for example, which compares.... I think the latest data that we saw from the federal government was from an annual report from the procurement strategy for aboriginal businesses in 2014-15, which indicated that the Government of Canada averages 0.9%. You can see that it compares favourably with—

**Mr. Majid Jowhari:** Have we gone from 0.9% to 2.1%?

**Mr. Rob Wright:** That's 0.9% from a Government of Canada perspective and 2.1% for the work that we undertake here within the parliamentary precinct.

**Mr. Majid Jowhari:** Was the target established at around 5%?

**Mr. Rob Wright:** The target of 5% was just established over the past year and we're trying to get to flow through to subcontracting and we're now setting up a regime to try and accomplish those targets.

**Mr. Majid Jowhari:** Is that the dollar value? Is that also a combination of dollar value and the number of projects? We can have one project that's worth a lot of money, but if we break it down to much smaller projects and we get more involved—What is that?

**Mr. Rob Wright:** The 5% is really what we're trying to encourage for that to occur in all of the major projects.

We are working with our acquisitions partners, within the policy framework, to develop the types of approaches that will incentivize the major contract holders to work with.... Really, where most of the activities happen are the small and medium-sized enterprises that are contracted with PCL, EllisDon, Pomerleau, and others that are the major construction managers who will be winning the competitive contracts.

They then tender competitively and it's the incentivization at that level where we feel we can have the greatest success to encourage participation, whether it's from indigenous firms, creating indigenous employment, female-led organizations, etc.

• (1155)

**Ms. Yasmin Ratansi:** Thank you.

Mr. Peterson.

**Mr. Kyle Peterson (Newmarket—Aurora, Lib.):** Thanks everyone for being here.

Regarding the West Block, are we on schedule?

**Mr. Rob Wright:** Yes. The construction on the West Block will be completed over the next couple of months, so before Parliament rises, all of the construction will be completed.

Of course, becoming operationally ready is the key thing. We're working hand in hand with the House of Commons, in the case of the West Block, and the Senate, in the case of the Government Conference Centre, to make sure that they are operationally ready as soon as possible. The target is for the fall parliamentary session.

**Mr. Kyle Peterson:** In regard to 100 Wellington, you mentioned that you're going to utilize the voluntary set-aside on that.

**Mr. Rob Wright:** I would say that 100 Wellington is a bit of a special piece and I think we're going to have to work to develop special approaches.

Yes, we'll have set-asides, but really we're looking at a broader array of tools, in that case, and then taking the principles that we will be applying there to apply within the precinct, with a broader approach.

**Mr. Kyle Peterson:** I applaud you for that effort.

On Centre Block, there's no real time frame set yet, as I know, but the costing's been done. Obviously, the time of a project has a direct correlation to the cost, so how can the costing be almost precise, but the time not yet precise? Have you accounted for any—

**Mr. Rob Wright:** I would say the costing is not yet precise.

This is from lessons learned from all of the projects that we've done here. Once we have the Centre Block emptied, the key thing is to start pulling it apart, by opening up the walls, the ceilings, the floors and really getting in there and having a really good look at what is behind there. We have a good understanding of the facility, but we need to have a really good understanding.

That and detailing the functional requirements will inform a final scope, and then a final cost, and a schedule. We anticipate having that baseline scope, budget, and schedule in 2019-20. Of course, we'll be doing work in parallel, so we have initial funding to move us along and then we will be locking that down over the next couple of years.

**Mr. Kyle Peterson:** Thank you for that.

**Ms. Yasmin Ratansi:** It is your turn, Mr. McCauley.

**Mr. Kelly McCauley:** We talked about the exclusion zone and how you changed it.

What other projects that are coming up might this have affected? Are the previous ones locked in already? Will the changes cover a good percentage of the new work being done?

**Mr. Rob Wright:** Just to put that in a frame, this was a particular type of contract. This only exists there. Project management supports

**Mr. Kelly McCauley:** Only exists where?

**Mr. Rob Wright:** In the project management support service contracts.

**Mr. Kelly McCauley:** Okay.

**Mr. Rob Wright:** They represent about 4% of our overall contracts.

**Mr. Kelly McCauley:** It's very small, and going forward it would be a very—

**Mr. Rob Wright:** It's quite small, and not there going forward. We have 10 of those contracts in place, and that was in existence in two of those 10 contracts. On a go-forward basis, we will not be using it.

**Mr. Kelly McCauley:** That's perfect. That's what I was looking for. Thanks very much.

**The Vice-Chair (Ms. Yasmin Ratansi):** Thank you to the witnesses.

The meeting is adjourned.

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