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Chair: Mr. Tom Lukiwski



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• (1410)

[English]

The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)): Colleagues, I will call this meeting to order. Paul has very graciously provided some speaking notes for me, which I will go over with you before we officially start the meeting.

I'd like to welcome you to meeting number seven of the House of Commons Standing Committee on Government Operations and Estimates. Pursuant to the order of reference of Saturday, April 11, 2020, the committee is meeting on its study of the government's response to the COVID-19 pandemic.

Before we start, let me just say that I noticed, when seeing all of my colleagues in attendance on the video conference, that many of you must be anxiously awaiting the reopening of barber shops across the country. I hope that happens within the next few weeks.

Colleagues, I would also like to announce the schedule for committee meetings for next week. This has been approved by the whips, although I'm sure it's subject to change. Our first meeting will be on Monday, May 4, from 2 p.m. to 4 p.m., eastern time. On Friday, May 8, we will meet from 11 a.m. to 1 p.m., eastern time. Now, that has been a change. I believe all of you, however, were notified by your respective whips and by the House a little earlier this week.

Based on the discussion at the last meeting, the analysts have prepared a revised work plan, and it was distributed to all members of the committee this last Tuesday. As OGGO will be meeting on Monday, it is very important that the committee review that work plan and give the clerk some guidance on who should be invited to appear on Monday and Friday of next week. We only have a few days, so if there are additional witnesses, or if you want to make major revisions to the work plan, the clerk would appreciate it very much if you could get that information to him immediately.

At 2:50 p.m., or approximately 10 minutes before we conclude the first hour of this afternoon's meeting, I will be suspending the meeting and dismissing the industry officials, who will be with us for the first 50 minutes, as we consider the work plan. The analysts took all the suggestions that were made by members at our last meeting and combined them into a revised work plan. This was distributed to the committee on Tuesday. Before we set up the witnesses who will appear from 3 p.m. to 4 p.m., I would like to have some conclusion and some agreement as to the work plan as suggested. If there are any major changes, we will try to deal with that before we get to the second hour of this meeting. We are not going in camera at any time. All of the discussions will be completely in public.

Pursuant to the order made on April 11, the committee cannot consider any motions except for those "requesting or scheduling specific witnesses, and these motions shall be decided by way of a recorded vote". We can consider this work plan and make changes to it as long as it deals with the subject matter of the COVID-19 pandemic and the government's response to it.

Now, as you know—we have discussed this individually—earlier today the clerk sent out some guidelines about interpretation and how to use the interpretation channels during the meetings. If you are going to be speaking in English, we encourage you to make sure you click on the English channel. If you are going to be speaking French, click on the French channel. If you are going to be alternating between English and French, we would ask that, as you change languages, you pause for a moment or two to allow the interpreters the chance to switch channels.

Our first set of witnesses will be from the industry department. We have with us Mr. Simon Kennedy, deputy minister, and Mr. Paul Thompson.

Gentlemen, welcome to our committee.

Mr. Kennedy, the floor is yours.

• (1415)

Mr. Simon Kennedy (Deputy Minister, Department of Industry): Thank you.

I will proceed with my remarks in English, just because of the challenges of having to switch back and forth with my laptop computer here, but I will say that I would be honoured to respond to members' questions in either official language.

[Translation]

It will be an honour for me to respond in the official language of—

[English]

The Chair: Mr. Kennedy, for some reason, your screen is frozen and I'm not receiving any audio whatsoever.

Now we have you back on the video screen, but your audio is still very low.

Mr. Simon Kennedy: I'm very sorry about this.

I was just on with the industry committee and things were working fine, so I'm hopeful it's not my equipment. I have a high-speed connection here.

I was going to say, just as all departments have been called on to protect Canadians and our economy during this extraordinary time, Innovation, Science and Economic Development has been working hard and trying to do its part to deliver a strong, immediate and effective response.

I have witnessed a deep commitment within my own and other departments to do what it takes to help individuals and businesses manage the economic disruption caused by this pandemic. I've had the privilege of working closely with colleagues in other departments and agencies to help mobilize Canada's industrial and research communities as part of these efforts.

Since the government's call to action to Canadian business about six weeks ago, nearly 6,000 Canadian companies have offered their expertise and capacity to help combat COVID-19 by retooling, scaling up or providing urgently needed goods and services. ISED has been moving swiftly to work with these companies to help build a secure domestic supply of key personal protective equipment for Canada's front-line health workers as they fight the pandemic, and we have shifted the focus of our business innovation programs to directly target COVID-19.

We are accelerating applications and the approval process so that projects can get off the ground quickly to address the most urgent issues, and we are making progress through our strategic innovation fund, innovation superclusters, the innovative solutions Canada program and the National Research Council's industrial research assistance program.

Through these programs, ISED is helping meet the urgent needs of health care workers for equipment such as masks, face shields, medical gowns, ventilators and test kits. For example, funding from the National Research Council's IRAP helped Ottawa's Spartan Bioscience fast-track the certification process for its COVID-19 test kit.

Following a call-out to its more than 970 members to develop and scale up new health products and equipment, the Next Generation Manufacturing Canada supercluster has already reviewed and conditionally approved seven projects for ventilators, test kits and face shields. To take a final example, Innovative Solutions Canada has received a tremendous response from SMEs across the country to its challenge and testing streams focused on a response to COVID-19. These initiatives will be moving into selection and funding faster than ever before.

Throughout all of this work, we have been in lockstep with Health Canada, the Public Health Agency of Canada, Public Services and Procurement Canada, and others. PSPC has been instrumental in leading significant investments to increase Canada's supplies of critical equipment for the health care sector. With a coordinated strategy among these departments, we are maximizing the contributions of federal innovation programs as part of Canada's response to this extraordinary challenge.

Complementing these industrial contributions and those of our science and research community, there is no denying that Canada must act quickly to accelerate promising research aimed at treatments and a vaccine for COVID-19. That is why the ISED ministry has been working diligently with Canada's world-class science and

research community in taking on this challenge. The results of this work will be accessible to researchers around the world to advance the global fight.

Organizations such as the NRC and the Canadian Institutes of Health Research have received federal funding to conduct COVID-19 research in important areas, such as diagnostic tools and vaccine candidates.

The University of Saskatchewan VIDO-InterVac facility has also received funding to help get clinical trials set up and running as soon as possible so that we can ensure no time is wasted in developing a vaccine to protect Canadians against potentially recurring waves of COVID-19.

Genome Canada has received funding for the new Canadian COVID genomics network to further its genome sequencing research and help scientists better track the virus, its different strains and its impact on patients. The research conducted by this network will also guide public health authorities and policy-makers in their efforts to curb the pandemic.

Finally, my department worked quickly to facilitate the establishment of a new \$600-million COVID-19 stream under the strategic innovation fund. This stream will support vaccine and therapy clinical trials, as well as Canadian biomanufacturing opportunities.

ISED is working hard to support the scale-up of national platforms to develop and deliver a vaccine to Canadians when one is discovered, including support for manufacturing. Combined with efforts to mobilize industry, we are trying to do our part in the larger whole-of-government approach to protecting Canadians and preventing the spread of the virus.

● (1420)

We want to help ensure the capacity of our health care system as well as supporting international and domestic efforts. I'm proud ISED can contribute to the coordinated response, one that hopefully will allow Canadians to return to work, get the economy moving again, and set up our country for a rebound when it is safe to do so.

That concludes my remarks, Mr. Chair. Again, thanks for the opportunity to speak with members today. I would be, of course, pleased to answer your questions.

The Chair: Thank you, Mr. Kennedy.

Colleagues, before we go into a round of questioning, I've been informed that we should be concluding our meeting as close to 4 p.m. as possible. The technicians are going to be needing at least one hour to set up for the next meeting, which starts at 5 p.m., so I'm going to make a decision that this first hour will be somewhat truncated. We will continue along until about 2:50 p.m., at which time I will dismiss the witnesses and suspend the meeting, have a brief committee business meeting, and then bring our next witnesses in at 3 p.m. sharp.

With that said, we have time for about 25 to 35 minutes' worth of questions.

Mr. Aboultaif, go ahead for six minutes, sir.

• (1425)

Mr. Ziad Aboultaif (Edmonton Manning, CPC): Thank you, Chair.

This is a question for Mr. Kennedy. Is ISED aware that there have been many deliberate attempts by foreign actors to seize our PPE supply for their own domestic benefit? According to *Global News*, this has been going on since probably January, and it's by a group that is tied to the PRC. Are ISED and the government aware of that, yes or no, and what is our plan to somehow counter or prevent that from happening?

Mr. Simon Kennedy: I would say that, as the Deputy Prime Minister has been widely quoted in the press as saying, there is a bit of a Wild West internationally in terms of efforts to procure these kinds of supplies. I'll be frank with this committee that I'm not directly involved in the international procurement of these supplies. That's run by Public Services and Procurement Canada, so some of the specific answers to those questions would have to be directed to them.

What I will say is that the concerns around the difficulty procuring items are one of the key motivating factors in our ministry working to scale up domestic production. When we are actually working with Canadian firms in an effort, in some cases, to shift their production into manufacturing things such as medical gowns or ventilators, one of the things we look at with those companies is potential vulnerabilities in their supply chain. We want to make sure that when we're contracting with Canadian firms, we're able to ensure that they're able to deliver and that they're not, for example, reliant on important components that may be coming from abroad or coming from sources out of the country that are risky. That is part of the context in which we do our domestic manufacturing scale-up work, but my organization and I personally are not directly involved in overseas purchases. Those are led by PSPC.

Mr. Ziad Aboultaif: Speaking of local manufacturing and dependency on local products, do we have the proper raw materials in Canada to be able to produce some of the PPE?

Mr. Simon Kennedy: Mr. Chair, I think the great answer to that is that in many cases we do. This is new territory, I think, for many of us, in the private sector as well as in government. A lot of innovation has been brought to the table. I can give just a couple of examples. There's a global shortage of the specialized fabric that's used to make medical and surgical gowns and other kinds of protective clothing, but we've been able to discover Canadian-made fabric that actually meets all of the specifications of Health Canada.

Actually, that fabric wrap is used in the construction business. It's not actually used in health care, but it turns out, after testing and assessment, that it fully meets the medical specifications. The company that makes that fabric, which is in Nova Scotia, has shifted its supplies to the garment industry and we're now making these medical gowns in Canada.

Much the same is true in a number of the other areas so, yes, I think the answer to your question is that to date we have been able to find Canadian replacements for many of these products.

Mr. Ziad Aboultaif: I think, Mr. Kennedy, you're referring to something called non-woven material, and China basically bought everything that was in international supplies months before the COVID-19, and now they are running out of it, and that's why I'm asking if Canada is ready. Do we have the raw material? That's good news, and do you think we have enough to be self-sufficient?

Mr. Simon Kennedy: Well, Mr. Chair, I think I'd be going out on a limb making a definitive declaration, but certainly, in the case of gowns, for example, the volumes of this kind of alternative fabric are significant, and my understanding is that we're not concerned about a shortage in that area because we found these alternative supplies.

Mr. Ziad Aboultaif: That brings to our attention the counterfeit equipment that has come into Canada from different sources. What effort is the government making to track down this counterfeit equipment and make sure that it is not coming into the country and being used by our own people?

• (1430)

Mr. Simon Kennedy: Mr. Chair, I think, again, that question is probably best directed to the procurement ministry because they are the ones who will make those purchases and do the follow-up.

Mr. Ziad Aboultaif: There were so many applications that came through ISED for local companies to be qualified to start producing products that we need in this situation. How many businesses have applied, how many were accepted, and what were the main criteria for accepting or rejecting those applicants?

The Chair: Mr. Kennedy, if you could, give a very short answer, please, sir, if possible.

Mr. Simon Kennedy: No trouble, Mr. Chair.

There have been about 6,000 companies that have applied to date. We haven't rejected anybody because it doesn't really work that way, but basically we're going with firms that are able to fill the identified gaps. We're still doing the count because in some cases we're not directly contracting. We're simply getting them sent to the right regulator to have their stuff checked out, and then they can sell it directly into the market. Our count is about 200 firms to date that we have worked with directly as part of the mobilization of industry, but we've spoken directly to every one of the 6,000 firms.

The Chair: Thank you so much.

Mr. Jowhari, you have six minutes.

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

Welcome to Mr. Kennedy, especially as he comes from the industry committee meeting from 11 a.m. to 1 p.m. We benefited in that committee from insight from the minister as well as your feedback.

Specifically, in your closing remarks, you talked about the \$600 million COVID-19 response as part of the strategic innovation fund. Can you quickly expand on that, and is that the reallocation of the \$2.5 billion? How did that number come about, and what is it focused on?

Mr. Simon Kennedy: These are new funds, and the plan for these funds is, as I mentioned before, to support the development of medical countermeasures. In my layperson's simple terms, that would be in support, for example, of large-scale vaccine clinical trials as well as manufacturing capability to produce a vaccine at scale for the Canadian population. Those are two really key examples of what that's for.

Those funds are available. They have not yet been deployed, but they're available to us now as we do the work to identify the most promising therapies that we can test here in Canada and then to have the manufacturing firepower to—for example, once a vaccine is discovered—be able to have a fill-and-finish capacity to make 40 million doses for the Canadian population. That capacity needs to be built, and we want to get a head start on that. That's what those funds are for.

Mr. Majid Jowhari: That's a great segue to the next question I want to ask. Once again, in your closing remarks, you talked about the initiative that ISED is undertaking to set the country on the right path for rebuild and recovery.

Can you quickly expand on what we're doing holistically as one Canada and specifically as the ISED department to help us with the planning and eventual execution of the recovery?

Mr. Simon Kennedy: Well, one thing we are responsible for as a ministry is to work closely and have a good relationship and good visibility with major industrial sectors in Canada. I could give just a couple of examples. We have a good relationship and work closely with the automotive sector, and have for many years. We work closely with the aerospace industry. We work closely with the biotech and high-technology sectors. Those are just a couple of examples. There are many more.

We have staff who actually talk to the analysts and talk to the CEOs. One piece of value added that I think we're bringing to the government is that we are trying to provide good intelligence on how those industries operate, what some of their needs are and any adjustments they're making to deal with this crisis. We are not the only one, but we are a centre of expertise for our colleagues in the health ministry, the finance ministry and the other ministries that will be involved in helping out with the recovery. We're one player, but we aim to ensure that we bring good sectoral intelligence and relationships to the table.

• (1435)

Mr. Majid Jowhari: Great. Thank you.

I'm sure that everyone agrees that in an effort to be able to re-open the economy, testing and tracing and tracking will be some of the key drivers. Vis-à-vis the department, what specifically are we doing to help make sure that, in terms of capacity as well as supply, we have enough testing material and testing product available in order that different jurisdictions can have ready access to those tests so that they can ensure that they use it, in a timely way and appropriately, as one of the key drivers to kick-start the economy?

Mr. Simon Kennedy: As part of the made-in-Canada approach, we're working very closely with colleagues at Health Canada and the Public Health Agency to try to ensure that we have sufficient domestic capacity on the testing front to be able to support the testing volumes that will be needed by the provinces and territories and the federal government.

I should maybe clarify for the committee members that the specific decisions on how many tests, what kinds of tests and where, and those sorts of things will be made by health authorities. In many cases, those will be provincial and territorial decisions. We obviously, though, want to have a sufficient quantity of testing materials to be able to do that as a country. That's an area where we're working very closely with the National Microbiology Laboratory, our colleagues at Health Canada, the Public Health Agency, and frankly the procurement ministry.

Again, to give you my layperson's explanation, you can think of testing as having very different kinds of tests. There's the lab-based PCR test. That's kind of the gold standard. It's lab-based testing. There are point-of-care tests. We're trying to work across all fronts. Basically, we're going through the list of ingredients and equipment needed for those lab-based tests that are being done and making sure that for every one of those things, we have some line of sight on whether there's Canadian manufacturing capability or whether those ingredients can be sourced in Canada. We don't want to be in a position where some vital constituent part of the test is from a country where there's no supply or it's unreliable or whatever. We're kind of going through the shopping list and making sure we have access to all the ingredients.

We're also—

The Chair: Unfortunately, Mr. Kennedy, if you have further information to share with the committee, I'd ask you to do so in writing through our clerk. We're quite tight for time.

[Translation]

Ms. Vignola, you have the floor for six minutes.

Mrs. Julie Vignola (Beauport—Limoilou, BQ): Thank you very much for your statement, Mr. Kennedy.

You said that 26,000 businesses had been studied. Once those companies have been identified and offered financial support, Public Services and Procurement Canada, or PSPC, determines their production capacity. Isn't that a duplication of effort? If you've identified and contacted these companies, why do you have to go back to Public Services and Procurement Canada to make sure they have the production capacity? Wasn't that checked before?

Mr. Simon Kennedy: Can I use this channel to speak in French or do I have to change channels? I just want to make sure I'm doing the right thing.

[English]

The Chair: You are.

[Translation]

Mr. Simon Kennedy: All right.

Maybe I didn't make it clear enough that companies can take more than one route. There are companies that already have production capacity and are able to sell their products and services. PSPC offers these companies the opportunity to register and offer their products. Approximately 20,000 companies have used the services of PSPC.

As far as we are concerned, we deal with companies that change their production to produce new health products. For example, some companies in the automotive sector are now making products for the health sector. We've received about 6,000 applications. We talked to each of those companies to see if they could easily pivot. It is important to know how quickly this can be done. We're continuing to discuss this.

I don't know if it's clearer now, but that's what we do with businesses.

• (1440)

Mrs. Julie Vignola: Of the 26,000 applications, how many are from SMEs?

Mr. Simon Kennedy: There are quite a few SMEs, but I don't have the exact number. Companies of all sizes have applied. There are large companies, such as those in the automotive sector, for example, and there are smaller ones. We support both small businesses and large businesses.

You can't just give money or support to one type of business. I could give you several examples of SMEs that have received contracts as a result of our efforts.

Mrs. Julie Vignola: Currently, are there mechanisms that allow you to verify that the funds are properly used by the companies that receive them?

Mr. Simon Kennedy: Yes, there are.

First, there are different kinds of mechanisms depending on the type of work the company does. There is the strategic innovation fund program, which allows for larger investments when the company needs to be innovative in order to change its type of production to meet a specific need.

The negotiations and the contract must be fairly detailed. Moreover, it is often external experts who validate contracts to ensure that everything is done correctly.

In the case of companies that have something fairly simple to sell, the contract is only for the purchase of these products. It's less complicated that way. Some conditions of the contracts have to be accepted before payment.

I think we do have the means to ensure that the money is well spent. We monitor its use strictly.

Mrs. Julie Vignola: As I said earlier, you identify companies and offer them financial support. If a company is not selected by PSPC, what happens in terms of financial support?

Mr. Simon Kennedy: The government can support businesses in a variety of ways.

For example, there are all the programs that the government has launched for businesses. There are also programs to support workers and businesses, but we are not necessarily the ones who manage them.

I'm talking about programs for the manufacture of products for the health sector. We do not support companies and we do not put out contracts without a clear arrangement that demonstrates that they can manufacture the products that we are talking about, such as doctors' gowns and everything else. It is not just a matter of giving money to all kinds of companies. The money goes directly to companies that can contribute to the war against COVID-19 with new products.

[English]

The Chair: Thank you very much.

Mr. Green, I understand you're back online with us now. Do you have questions for Mr. Kennedy?

Mr. Matthew Green (Hamilton Centre, NDP): If anything could have gone wrong today, it did. Tom, I totally appreciate the situation you were in last week.

The game now for me is to keep my cool. One of the ways I'm going to do that is actually by offering up this round to my good friend, Paul Manly from the Green Party, and letting him fire away while I get settled in, because I'll be honest with you, I'm still a little frazzled.

Mr. Manly, if you have questions, I'm happy to share some time with you, and then I'll jump back in on the second round, assuming that we have one.

Mr. Paul Manly (Nanaimo—Ladysmith, GP): Thank you for that, Mr. Green. I appreciate the time. I'm sorry to hear that you're having technical difficulties. It's nothing like me getting caught out on the phone in the middle of Parliament the other day, where that shot of me was less than flattering.

In the industry committee meeting, I brought up Taiwan and the use of masks there for citizens in general. My brother lives and works in Taiwan. Everybody gets a mask as part of a rationing: three masks a week. My sister-in-law never stopped working, and my brother stopped teaching for two weeks.

Taiwan was one of the top 10 countries affected by COVID-19 at the very beginning. They had their first presumptive case the same day as Canada did. Now they're 114th on the list. They've had 429 cases and six deaths. They're not testing very much. They test 2,600 people per million, compared to Canada where we're at 20,000 per million. On masks and hand sanitizer, there's hand sanitizer in front of every building and at every transit station, and people wear masks in public places.

Here in my riding, Harmac Pacific creates K10S pulp, which is used for surgical masks, and they're exporting to the United States. These are really basic paper masks. They're not like the N95 masks.

I wonder whether the government has explored getting somebody to manufacture those types of simple masks here with that type of paper, working with our local pulp mill, to ensure that we have masks for citizens so that we can get people back to work.

• (1445)

Mr. Simon Kennedy: The specific health guidance around whether to hand out masks broadly to the population, their use, and so on, would be from the health ministry, but we are certainly aware of the need for surgical masks, as well as N95 respirators and other kinds of face coverings. That is a focus for us on the industrial, made-in-Canada approach.

For example, we've been working with General Motors recently to produce a large volume weekly of these basic surgical masks. There are other companies that we're working with to produce both surgical masks and N95 respirators.

The short answer to the honourable member's question is that, absolutely, masks and respirators are a priority as part of our domestic scale-up. We're looking at those opportunities to build much greater domestic self-sufficiency in that area.

Mr. Paul Manly: I have another constituent who's involved with a company called Medea Medical Products, and he has been contact with me for over a month. He got the company lined up with Buyandsell.

They're a Canadian company, but they manufacture in China and they manufacture N95 masks. He has found it very difficult to have communication and to get any uptick on getting masks into Canada from this company. This company and other companies I've heard from have been offering services and products, and some of them are just going straight out. We have a company here in town that's making the shields, and they're just providing them to our hospital and to our health care workers rather than going through the government system.

Is there a way that we can get this streamlined so that these companies can be more involved in this process with the federal government?

Mr. Simon Kennedy: As I said, we're working very hard to try to respond to every company that has written to us or has contacted us. We have a network of advisers across the country that are doing that.

On Buyandsell, I can't speak for my colleagues. That question would have to be directed to the Public Services and Procurement ministry, but I know they're working very hard, too, to reach out to people who have contacted them. They have had a much higher volume of people contact Buyandsell than we have had, but certainly we're making an effort.

I believe at this point we've contacted every firm that has reached out to us. We're tracking all of that to make sure that we circle back to companies that have reached out.

The Chair: Thank you very much.

Unfortunately, colleagues, we are out of time now. I want to thank Mr. Kennedy and Mr. Thompson for attending. You are both excused. Once again I am sure we'll be talking with you at a later date.

Colleagues, we are still in public. Our discussion for the next few minutes will be on the work plan which, as I mentioned in my opening remarks, has been sent to all of you. This is a revised work plan and it is hopefully going to be meeting your specifications that you gave our analysts last week. I'll open up the discussion now to see whether there are any other revisions that you think should be required or any new witnesses that you believe should be added to the witness list.

Mr. Drouin.

• (1450)

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Thank you, Mr. Chair. I'll just say a few comments.

On the fourth meeting, we have absolutely no issue with Mr. Purves and Ms. Santiago appearing on the issue of allocation of emergency benefits. The only comment I'll make is about the President of the Treasury Board appearing on that specific theme. You know that the public health emergency act has passed, and Treasury Board, while it does have a role, has a limited role to play. I'll defer to the committee. Do members absolutely want the President of the Treasury Board to appear sooner rather than later? We're happy to entertain the idea of him appearing in front of the committee, but he would probably have more to say on the issue of federal employees.

That's it from our side.

The Chair: Thank you, Francis.

Mr. McCauley.

Mr. Kelly McCauley (Edmonton West, CPC): Francis, when you say "later" what are thinking of? TBS is a two-pronged department, as the employer of the government but also the guys writing cheques. Do you think later at the end, or later as in two weeks from now?

Mr. Francis Drouin: No, we're fine with having the President of the Treasury Board. All we would ask is that perhaps we can combine that session with the issue of employees, specifically for the President of the Treasury Board.

Mr. Kelly McCauley: Do one hour with him and one hour with Mr. Purves.

Mr. Francis Drouin: And the others, yes, sure. It's just out of respect for you and the opposition. He may not have much to say on the allocation of benefits. He would have more to say on the issue of employees and how employees are engaged, as you know, because Treasury Board—

Mr. Kelly McCauley: Yes, I can't speak for the others but I think that would be more important for me, personally.

Mr. Francis Drouin: Okay. Again it's up to the committee, but we can have him next week.

Mr. Kelly McCauley: Sure, that works for me.

I don't know about Ms. Vignola and Mr. Green.

The Chair: I will ask Mr. Green and Madam Vignola.

I have a thumbs-up from Madam Vignola. Thank you very much.

Mr. Green, do you have any comments or suggestions? Mr. Green, can you hear us?

Mr. Matthew Green: Yes, I can finally hear you, Tom.

I'm good.

Just to be clear, did I completely miss all of the rounds for today?

The Chair: Unfortunately, yes. As I had mentioned probably when you were still having computer difficulties, we have to conclude by 4 p.m. because the technicians who are assisting us in this meeting have to go then. They need about an hour to set up for the next Zoom meeting which starts at 5 p.m. We're very much restricted in discussions with them. There are two hours, and I want to make sure we have as much time as possible in the second hour since we have two presentations from the procurement people.

Unfortunately, Mr. Green, you missed out on an opportunity again.

Mr. Matthew Green: I'm magnanimous. There's no problem. My good friend Paul got to hit one out of the park.

I'm fine with whatever work plan we have.

The Chair: Okay. Thank you very much.

Mr. Manly.

Mr. Paul Manly: Yes, Mr. McCauley has offered me an opportunity to speak and if he's open to passing it on to Mr. Green I would be happy to have him share that, to take that time.

The Chair: You're very generous and you're very kind, and I'll leave that up to Mr. McCauley when we get into the second round.

Colleagues, I'll make just one last comment before I ask Paul to suspend, and then we'll get the other witnesses lined up for the second hour.

I mentioned this earlier to Mr. Drouin, I mentioned it to Mr. McCauley I believe yesterday, and I'll say it now publicly to you, Matthew, and to Madam Vignola. As long as we have witnesses and things we need to study, that's great. I'm comfortable with having as many meetings as are required. I did say to both Mr. McCauley and Mr. Drouin that I've never been a fan of having meetings just for the sake of having meetings.

I would like to make sure that the witnesses we have—and this is reflected in the work plan—are not redundant, have not already provided to a different committee the same same testimony that we would be hearing. I'm not trying to short-circuit this committee at all. I'm just saying that when we feel collectively that we have reached the end of the road in terms of receiving testimony, I hope we'll all come to some agreement, and then we can inform our whips that our time is up.

Just keep that in mind, colleagues. We may find as we go through the next meeting or two that new issues surface and that we do want to continue to study a little longer. We can certainly do that. It is up to the committee.

Mr. Clerk, I can see that your hand is raised.

• (1455)

The Clerk of the Committee (Mr. Paul Cardegna): Thank you, Mr. Chair.

I would like to take a moment to clarify and to make sure I've understood what the committee wants to do for next week.

My understanding is that they want to have the witnesses who are identified in the work plan for meeting four next Monday, and then they want to have the witnesses identified under meeting eight next Friday, but the idea is to have the President of the Treasury Board appear next Friday, rather than next Monday.

Do I understand that correctly?

The Chair: Can I get an indication from all the speakers: Mr. McCauley, Mr. Drouin, Madam Vignola and Mr. Green? If you give a thumbs-up, Paul can proceed, but if you have any problems with his interpretation, now is the time to mention them.

Mr. Francis Drouin: Mr. Chair, we have no issue with the President of the Treasury Board appearing as long as he can also discuss more than just the allocation of benefits. As I've explained before, the role of Treasury Board in that particular instance is somewhat limited. We want to make sure we get two hours of asking proper questions, so he'd have more to say on the federal employee side. For the fourth meeting, whenever that happens, I think that would be next week at some point; I know that the schedule changed. I don't have the schedule in front of me, but we're okay with that.

The Chair: Mr. McCauley.

Mr. Kelly McCauley: Yes, I'm fine with that as well. It's just whatever will fit in for next week. I don't know if we're actually directing that, but whatever fits in....

I do have a different point, though, if you'll bear with me. I don't want to say that we're wasting time, but we are eating up time in trying to get everyone online and getting all the technology going. In light of that, can I propose, if it's the will of the committee, that any statements by witnesses are provided in advance for us to read, so that our time is not used up in having a witness like Industry did, who just sits and reads for 10 minutes? Between the time lost for the technology and the reading, it took away two steps, perhaps even three.

I would love it if you could mail it to us and we could read it. We then would have enough time with our witnesses and would be taking full advantage of our time.

The Chair: Yes. As committee members will know, we've done that in the past on a number of occasions.

Mr. Clerk, do you want to add to that?

The Clerk: Yes. We did send out the speaking notes before today's meeting. In some cases, when we get bilingual notes, we can send them out. However, we don't always receive them in both official languages, unfortunately. If we do, definitely we can send them out.

There's no obligation for the committee to actually have the person read out their speaking notes if they've been distributed; however, we can't append them to the evidence as we would normally do. The committee is not empowered to deal with that motion. The only alternative is that we could possibly consider is this. If the Chair wants me to, I can ask that witnesses not speak for as long, that we reduce the amount of time they have for their opening statements.

On the subject of technology, we are certainly doing everything we can, and we definitely appreciate your patience on that.

Mr. Kelly McCauley: I'm not blaming the technology as much as just acknowledging that it's taking time. Also, then, for someone to sit and read from a form that we already have in front of us takes away from the useful time to question witnesses.

• (1500)

The Chair: Mr. McCauley, I think your point is well taken. I will consult with our clerk and we'll see if we can come up with a solution to that.

Mr. Jowhari, please.

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

Just as a clarification, on Monday we are going forward with the fourth meeting as planned, which is on the allocation of emergency benefits. We're inviting the President of the Treasury Board. The focus of the president, aside from the allocation of benefits, is going to be on employees.

Now, going to Friday, the clerk indicated that we are moving to the eighth meeting as planned, rather than the fifth meeting. It will be on the delivery of emergency benefits. I just want a clarification whether, on Friday, we are focusing on the delivery of emergency benefits or on federal employees. If I'm looking at the wrong plan, just let me know.

The Chair: Before I do, perhaps we'll take all of the comments and we'll end up, at the conclusion, with some resolution. We're rapidly running out of time for the second hour as well, but I do have three speakers on my list.

Madam Vignola, you were first, followed by Mrs. Block and Mr. Kusmierczyk.

Madam Vignola. No, you're good.

Mrs. Block.

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

You may have already covered this. I did want to ensure that we will be able to provide new lists of witnesses that we would like to hear from going forward, given the stories that are breaking, especially in the last few days, about counterfeit supplies coming into Canada, including the *Global News* story today. I just want to make sure that we can react nimbly when there are these breaking stories that definitely fall within the purview of this committee and the subject we are dealing with.

The Chair: Yes, certainly, Mrs. Block, we can be as fluid and as nimble as you wish. As I mentioned in my remarks, if we find additional witnesses as we move along in this study that we wish to

bring forward, we have the ability to do so. It's at the will of the committee.

Mr. Kusmierczyk, please.

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

With regard to the concern about eliminating introductory remarks, I just want to ask for a point of clarification on whether that would extend to the introductory remarks of ministers as well. Is it just limited to officials?

I say so because we need to keep in mind that there are folks who actually tune in to the committees. The introductory remarks are not just for the benefit of the members of this committee, but also for the folks out there who are paying attention and listening to this committee.

I would raise those two concerns about truncating the introductory remarks of the ministers, and then also just make a point that there are folks out there who are listening to this committee. They benefit from the introductory remarks by both officials and ministers.

The Chair: Thank you all for your comments.

As I mentioned, the clerk and I will get together and see if we can come up with some compromise or resolution to accommodate both the concerns of those of you who wish to see comments at the outset and also additional time, or as much time as possible, for questions by committee members.

Mr. Clerk.

The Clerk: Just to be entirely sure, as I must contact witnesses for Monday, for Monday we're going to be contacting the witnesses for meeting number four. For Friday, we're going to be contacting the witnesses for, I understood, meeting five, but at one point it was meeting eight.

I just want to make sure that I understand what is being agreed to by the committee now.

The Chair: I may be wrong, and please correct me, committee members, if I am, but my understanding is that next Friday would be for the witnesses who were originally scheduled for meeting number eight. Is that correct?

Mr. Kelly McCauley: What witnesses are coming for meeting number eight, please?

The Clerk: I have the list here. They include the chief of human resources at Treasury Board, and the board's associate assistant deputy minister, employment conditions and labour relations; Patrick Borbey, president of the Public Service Commission; and the president of the Public Service Alliance of Canada—

Mr. Kelly McCauley: Those are federal employees, okay.

The Clerk: They're all federal employees, essentially. There are several others as well.

• (1505)

The Chair: Is that agreeable to everyone?

Mr. Kelly McCauley: It works for me.

The Chair: Seeing no objection then, Paul, I think you've got your marching orders.

That seems to be sufficient.

Now Paul again, I'll defer to you. Will we be able to suspend for a few moments as we get our second-hour witnesses prepared?

The Clerk: Yes, I do recommend you suspend briefly.

Thank you very much, Mr. Chair.

The Chair: Colleagues, we are suspended for a couple of moments. We'll reconvene as soon as possible.

• (1505) _____ (Pause) _____

• (1510)

The Chair: We are now in session. I would ask all witnesses who are about to make presentations to remember that if you are speaking in English to please make sure that your comments are on the English channel. If you are speaking French, make sure you're on the French channel.

Lastly, we have only about 50 minutes left, because we must conclude at 4 p.m. to allow our technicians to get ready for the next Zoom video conference. We have two opening statements, one from Mr. Jeglic and one from Mr. Ieraci. I would ask that colleagues, and gentlemen, you try to keep your comments as concise as possible to allow as much time as possible for questions from our committee members.

Mr. Jeglic, with that brief introduction the floor is yours, sir.

Mr. Alexander Jeglic (Procurement Ombudsman, Office of the Procurement Ombudsman): Thank you to the chair and members for inviting me back to the committee. It is my pleasure to be here. I hope I can be of assistance.

I am joined today by the deputy procurement ombudsman, David Rabinovitch, who is also participating via Zoom from his residence.

I would like to begin my remarks by thanking Canada's health care workers who are on the front lines of this pandemic risking their own health and well-being to lead us through these difficult times.

[Translation]

I would also like to thank all the people who work behind the scenes and provide essential services to ensure that Canadians can eat well, and stay in a safe place.

I also thank the public servants at all levels of government, across Canada, who work tirelessly to ensure access to screening tests, medical equipment, personal protective equipment, financial assistance and other necessary supports.

[English]

Thank you to the IT, translation and administrative professionals who make it possible for us to work remotely, including enabling us to do the important work the committee is doing today.

Now, I would like to explain to you my role and mandate. I would like to explain my role within federal procurement as some

of you may not have been here on the committee when I was last here, two years ago.

The Office of the Procurement Ombudsman opened in 2008 with a focus on providing small and medium-sized businesses an avenue of recourse for procurement and contracting issues. My office operates at arm's length from other federal organizations, including Public Services and Procurement Canada.

While I report the Minister of Public Services and Procurement, the minister has no direct involvement in my office's daily activities or the content of my reports.

Specifically my legislative mandate is, first, to review complaints regarding the awards of certain contracts for goods below \$26,400 and services below \$105,700; second, to review complaints regarding the administration of certain contracts regardless of their dollar value; third, to review the department's practices for acquiring goods and services to assess their fairness, openness and transparency, and to make recommendations for improvement; and fourth, to provide alternative dispute resolution, like mediation services when requested and agreed to by the parties to a federal contract.

As you can see, the mandate is quite specific. This is because the Canadian International Trade Tribunal has jurisdiction to review complaints about the award of contracts above these thresholds of \$26,400 for goods and \$105,700 for services.

Now I will talk a little bit about the Government of Canada and its COVID-19 response.

My office specifically has not been inundated by COVID-19 procurement and contracting related complaints. My office's key services, which are reviewing complaints about the award of lower dollar value contracts and providing contract mediation services, are more likely to be needed in subsequent phases of the recovery. When the office of small and medium enterprises asked for our help in responding to the over 26,000 calls and emails from suppliers looking to sell COVID-19 related products to the federal government, we immediately sent them several employees to assist in contacting these companies to move the process forward.

We have heard from some suppliers regarding COVID-19 issues, and I will briefly describe some of these interactions.

One supplier contacted us with complaints about the procurement processes for chartered evacuation flights. However, as the dollar amounts of those contracts were well above the threshold of my mandate, we let the supplier know that the CITT has jurisdiction to investigate these types of complaints.

We've also received inquiries from suppliers about selling hospital beds to assist with COVID-19 outbreaks; sending bulk PPE supplies to the government; waiving normal procurement requirements; selling disinfecting materials; selling medical masks; donating hand sanitizers, and how to sell the same in the future to the government; and how to purchase specific types of ventilators.

For each of these inquiries, just as with non-COVID-19 inquiries, we explain our mandate to the supplier in case they need our investigation services or our remediation services. We provide them with an answer directly or point them to a federal organization that can. For example, the companies that contacted us wanted to know who to call for masks and hand sanitizers. We directed them to the office of small and medium enterprises, which you will hear from next and which is specifically designed for this purpose.

We have not received any formal requests for mediation services in regards to either COVID-19 related contracts or other contracts that may have been impacted by the COVID-19 pandemic. As mentioned earlier, it is anticipated, however, that formal complaints and mediation request may come further down the road. For now, it's too soon, as COVID-19 related contracts are just being put into place.

Moving forward, to be proactive, my office is studying the issue of emergency contracting, both in terms of how the contracts are put in place as well as what transpires when contractual obligations cannot be met due to unexpected emergency conditions known as *force majeure*.

• (1515)

We intend to share our research with both federal departments and suppliers, to help all parties to federal contracts know how to proceed when crises such as COVID-19 happen. We also want to hear from all Canadian suppliers, including small and medium-sized business owners and diverse business owners, to learn about their experiences during this crisis so we can share the information broadly with contracting organizations.

As time passes, we anticipate receiving complaints from businesses that hoped to but did not obtain federal contracts during this crisis and mediation requests regarding existing contracts that were not completed due to the crisis. As always, we will be there to review these complaints and to provide our mediation services so that businesses and departments can get back to business. My office has a successful track record in mediating contract disputes, and I urge all of you and anyone listening to contact us for help in this area. I would welcome the opportunity to come back to this committee in the future to report back on our COVID-related work and findings.

In closing, I would like to thank committee members again for inviting me, and I would be pleased to answer your questions.

The Chair: Thank you very much, Mr. Jeglic, on your economy of words.

We will now go to our second presentation.

Mr. Ieraci, the floor is yours.

Mr. Lorenzo Ieraci (Director General, Office of Small and Medium Enterprises, Public Services and Procurement Canada): Good afternoon, Mr. Chair and honourable members of this standing committee, and thank you for having me here today.

My name is Lorenzo Ieraci and I am the director general of the office of small and medium enterprises at Public Services and Procurement Canada. Joining me today is Louis-Martin Parent, director for the national capital region.

Today I would like to focus my remarks on two areas. First, I will provide an overview of the office of small and medium enterprises, OSME, and how we work to assist smaller companies in federal procurement. Second, I will highlight how we are supporting the broader efforts of Public Services and Procurement Canada and the Government of Canada to acquire the equipment and supplies our front-line health care workers need in the fight against COVID-19.

Mr. Chair, let me begin by providing a brief overview of OSME. OSME was created in 2005 to specifically address the needs and perspectives of smaller businesses selling to the Government of Canada. Our organization has a network of six regional offices stretching from Victoria to Halifax. In addition to our regional offices, we also have a toll-free national information line, which companies can call if they have questions or need assistance.

Our dedicated team helps companies in a number of ways. First, we raise awareness of the fact that our organization exists and is a resource available to them for assistance. Second, we educate companies on the federal procurement process and on where to find information or opportunities. Third, we provide direct assistance to those interested in participating in federal procurement. In addition, we seek to advocate on behalf of smaller companies both within Public Services and Procurement Canada and, to the extent possible, with other federal organizations. Our goal is to identify and reduce barriers that smaller businesses can face when doing business with the Government of Canada.

Mr. Chair, OSME also encourages Canadian companies from traditionally underrepresented groups and helps them participate in federal procurement. To do so, we work with external stakeholders, partners and associations to reach their respective constituencies. We want to ensure that they are aware of OSME and the services we offer, so that the federal government can benefit from the great diversity of Canada's business community.

We do all this through activities such as free seminars, webinars and one-on-one meetings. In essence, we try to make it as easy as possible for smaller businesses to reach us so that we can answer their questions and help them on their journey through federal procurement. In addition, we make information available through our website, buyandsell.gc.ca. This website provides information on federal procurement, as well as most tenders or solicitations undertaken by PSPC and other federal departments and agencies.

Moreover, OSME works with provincial and territorial counterparts to explore opportunities for collaboration. As a result, our department has signed agreements with 11 provinces and territories in support of the Canadian collaborative procurement initiative. The objective of this initiative is to allow provinces and territories to use our department's procurement instruments when it is to their benefit. During this pandemic, we have worked to make procurement instruments that may assist provinces and territories available to them. As you can see, OSME offers a lot of information, tools and resources to help Canadian companies, particularly smaller ones, to participate in federal procurement.

Mr. Chair, I would now like to briefly highlight how OSME is supporting the government's efforts in combatting the COVID-19 pandemic.

On March 12, 2020, Public Services and Procurement Canada issued a call for action on the buyandsell.gc.ca website. The response has been enthusiastic. We have received more than 26,000 forms through our website, including roughly 16,500 from Canadians and Canadian companies.

In addition to communicating via email with Canadians and Canadian companies that have submitted forms, OSME has been working to reach out to speak to those who submitted forms. This is allowing us to obtain additional information on the goods or services that these companies are offering. We are capturing this information to help our procurement team assess and triage the information received. We also want to ensure that these companies are aware of our services. In essence, we want to encourage them to consider doing business with the federal government as we move through this pandemic and emerge from it. After all, the Government of Canada buys roughly 25 billion dollars' worth of goods and services annually, and there will be opportunities for many of these companies to do business with the Government of Canada moving forward.

Mr. Chair, even though OSME does not actually procure or issue contracts directly to companies, we are nonetheless engaged and working diligently to do our part during the pandemic. Although we have had to shift our focus in a temporary but complementary way, OSME's mission remains the same. We want to help smaller companies do business with the Government of Canada and represent their views and interests within federal procurement.

In closing, Mr. Chair, I note that OSME is appearing alongside the procurement ombudsman and his office. As Mr. Jeglic identified, OSME and the office of the procurement ombudsman have had a positive and mutually respectful working relationship for years.

• (1520)

While always being mindful of the fact that the ombudsman and his office need to maintain a level of independence, we still collaborate when mutually beneficial. This is particularly the case when informing companies about the services that both our organizations offer to them. As we move through this pandemic, OSME will continue to remain focused on helping smaller companies do business with the Government of Canada.

Thank you for the opportunity to appear before you today.

The Chair: Thank you very much.

Colleagues, we have approximately 40 minutes left, which means we will not get two complete rounds of questions, but we'll go as far as we can.

I also point out to Mr. McCauley that we will get into the second round of questioning. If you still want Mr. Manly to take one of your speaking slots, please conduct yourself and your colleagues accordingly.

We will now start with our first intervention with Mr. Aboultaif. You have six minutes, please, sir.

Mr. Ziad Aboultaif: Thank you.

Mr. Ieraci, there are 26,000 applications, with 16,500, or about 60%, being Canadian. How will you be able to identify those companies? I can imagine most of the applications are related to COVID-19 services and supplies. What is your mechanism for making sure that the companies you choose to recommend for procurement are the right ones to refer?

Mr. Lorenzo Ieraci: As I indicated, of the 26,000 forms that have been submitted, roughly 16,500 of them are from Canadians or Canadian companies. We're following up with all of these companies to have conversations with them and to gain additional information.

The companies that came forward and submitted forms fall into two broad categories, generally speaking. Category one companies are those who are offering personal protective equipment. Category two companies are those offering other goods or services, which might not be personal protective equipment, but nonetheless might help the Government of Canada. I'll deal with category two for just a moment, and then I'll come back to category one.

When it comes to category two, we as an organization have been pointing out to companies that our department's primary focus right now is to buy personal protective equipment. Many of these companies that have come forward have identified goods or services that we as a government are likely to need moving forward. In this regard, we want to make sure, first, that they are aware of our office and that we can assist them in understanding federal procurement. Second, we want to make sure that they are also aware that they can register on an email notification service in two very simple and quick steps, which will keep them informed every time a tender is issued that is specific to the good or service they're providing.

This situation has given us the opportunity to reach out to a lot of these companies and to make sure they are aware of the services available to them.

• (1525)

Mr. Ziad Aboultaif: Do we know if these companies have a supply chain in Canada or are they relying on international markets to bring products into Canada, specifically PPE?

Mr. Lorenzo Ieraci: With regard to personal protective equipment, when we reach out to companies we are asking them for more information, including the question you just asked, which is where their supply base is, whether it's domestic or international. We're obtaining as much information as we can and we're recording all that information, including a company's business number, whether it has the required medical device establishment licence, and what kind of products it has. We also give companies the opportunity to confirm that the products they are looking to sell conform with the standards established by Health Canada and the Public Health Agency of Canada. That information has also been made available on our website. We capture all of this information to be help our procurement team identify potential companies moving forward.

Mr. Ziad Aboultaif: With the COVID-19, this emergency is the number one issue and time is definitely very important. How are you structured to be able to shorten the process as much as possible to be able to flip this information to be useful for the procurement agencies or departments to act quickly on it? How long would it take you, from the moment you see the inquiry or the application in your system, until you act on it? Is there an average time for that in the last few weeks?

Mr. Lorenzo Ieraci: Over the last couple of weeks, we've been actively engaged in reaching out to all of the domestic companies that have submitted forms. In the course of the last two to two and a half weeks, we've reached out to just over 12,000 of the 16,500 applications and are obtaining information from those companies. As we obtain the information, we are updating our database and are sharing that information on a regular basis with our procurement team.

Mr. Ziad Aboultaif: I'm sorry to cut you off.

Have we experienced new entities within Canada that you've never seen before that are coming forward with new, innovative ideas? They want to help at all levels of supplies and so forth. Have you experienced that from being there? Have you looked at the buyandsell.gc.ca website to see who the new players are here and whether we can benefit more from them?

Mr. Lorenzo Ieraci: The answer is yes, absolutely. As I mentioned before, we've had a lot of companies approach us that may not have typically thought about doing business with the Government of Canada. For those who truly have innovative approaches or those who are looking to be able to retool or do different business in order to be able to have domestic capacity, we work in collaboration with our colleagues at Innovation, Science and Economic Development Canada, or ISED, because they have programs in the field of innovation. They're also responsible for the retooling element of that. We make sure that those companies are aware of the fact that our partner department at ISED is an avenue for them to be able to explore options to be able to obtain support.

Mr. Ziad Aboultaif: How much time do I have?

The Chair: Mr. Aboultaif, you have no time left, but thanks for asking.

Mr. Ziad Aboultaif: Thank you.

The Chair: We will now go to Mr. Weiler for six minutes, please.

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

Thank you to the witnesses for taking time out of their busy days to come to speak to this committee.

There are many distilleries in my riding that have retooled to be able to make hand sanitizers. There's also a sizable recreational technology sector that has the ability to retool and produce medical gowns.

How are you marketing to these and other businesses the opportunities that are available for them to contribute to the federal government's efforts to get through the pandemic?

Mr. Lorenzo Ieraci: I don't know that I would say we're necessarily marketing in any way, shape or form. I think the fact that our website has been available and the fact that we've received such an enthusiastic response demonstrate that Canadians and Canadian companies are keenly aware of the fact that there's a need domestically to be able to have as much product as possible to be able to assist, not just our front-line workers, but all Canadians as well.

We want to make sure that, as companies come forward and identify their capabilities or products, we're reaching out to them as quickly as we can, as I mentioned, to be able to obtain more information on what they have available and the quantity of the products. Then we're sharing that information with our procurement colleagues.

The other thing I would say is that as an organization, one of the things we're also doing is reminding Canadian companies that, of course, while we're always interested and hope that Canadian companies will think about doing business with the Government of Canada, we are not the only entity right now that is buying personal protective equipment and other equipment. Our provincial and territorial counterparts are looking for some, as well as hospital groups and other groups.

Of course, we're encouraging people to be able to make available as much product to as many different people as possible, because at the end of the day, having more product available within Canada is a benefit to all of us.

• (1530)

Mr. Patrick Weiler: Absolutely, and I very much appreciate that.

You mentioned earlier that the website that businesses can access to find out about federal government opportunities is buyandsell.gc.ca. I imagine there's been a huge influx of new business coming in. Has your organization brought on additional staff to deal with this unprecedented time?

Mr. Lorenzo Ieraci: Yes, in the same way that the office of small and medium enterprises is doing its share to help Public Services and Procurement Canada, the department has been wonderful in helping us out. We've had support and assistance from numerous areas, particularly in the regions where we've been given extra capacity on a short-term basis that has allowed us to make sure that we reach out to all of these companies. We've provided folks with information, with training and with tools to enable them to make those calls and capture that information.

As Mr. Jeglic pointed out, even the Office of the Procurement Ombudsman has provided us with some additional resources. I think that goes to a broader approach that we've seen, not just in the Government of Canada, but I think in every community and across Canada, which is that during this pandemic people are really trying to come together to be able to assist each another. We're both happy as organizations that we can contribute to that, and we're also very thankful for the fact that we have so many colleagues across the department who are giving us assistance.

Mr. Patrick Weiler: Fantastic.

You mentioned in your opening remarks that the OSME is encouraging Canadian companies from traditionally under-represented groups to help them participate in federal procurement. I'm wondering how this mandate and objective has changed, if at all, during the COVID pandemic.

Mr. Lorenzo Ieraci: From our perspective, the mandate has not really changed. We really want to make sure that groups from traditionally under-represented areas think about doing business with the Government of Canada. That's a fairly broad scope, with indigenous communities and indigenous companies, women-owned or women-led businesses, visible minorities, the LGBTQ2+ community and others. Prior to COVID, we were actively engaged with all of these groups not only to hear about their experiences with federal procurement, but also to make sure that we provided them with direct assistance when it came to that.

Since the COVID pandemic started, there has obviously been a need to procure as quickly as possible and have equipment delivered as quickly as possible. As I mentioned, we're doing our share to help deal with all of the information and reach out to companies to obtain more information.

We still want to focus on helping under-represented groups. As an organization we're looking forward to, as we move our way through the pandemic and out of it, really being able to focus again on under-represented groups.

The Chair: You have 30 seconds left, sir.

Mr. Patrick Weiler: This is my last question. What lessons have been learned through the procurement process during the pandemic that will inform and improve how we do procurement in the future?

The Chair: I'd like a very brief answer, sir, please.

Mr. Lorenzo Ieraci: As I mentioned, our office does not do procurement in and of itself. I think we will have a fairly robust list of lessons learned across the board when we look back on the situation.

The Chair: Thank you very much. I appreciate it.

We will now go to Madame Vignola.

[*Translation*]

You have the floor for six minutes, Ms. Vignola.

Mrs. Julie Vignola: Good afternoon.

I thought it was my colleague Mr. Barsalou-Duval's turn, but I'll continue.

When an SME is chosen to contribute to the effort and offer goods and services, how does your office support it in managing its growth, since this must necessarily be done?

• (1535)

Mr. Lorenzo Ieraci: Thank you for your question.

Under normal circumstances, outside the context of the COVID-19 pandemic, we help companies understand the supply system, procedures and processes. However, they must take all the necessary steps on their own to win a contract. We can help them understand the process, but we can't compete on their behalf. It is up to them to manage it themselves. We are there to provide suggestions and advice, but we are certainly not there to go outside our area of expertise.

Mrs. Julie Vignola: Once they get a contract and they have to manage their growth—a positive consequence, of course—they do not benefit from guidance in that. I just wanted to clarify that part of your mandate.

Mr. Lorenzo Ieraci: I would like to add something. When a company wins a contract, our door is never closed, of course. They can always send us questions or comments. We especially appreciate feedback from companies about their dealings with PSPC. If they need more advice, support or information, we're always happy to try to help them out.

Mrs. Julie Vignola: Thank you.

You said earlier that of the 26,000 Canadian companies that raised their hands, 16,500 had applied.

Of these 16,500 companies, how many are SMEs?

Mr. Lorenzo Ieraci: That is a very good question.

In all honesty, I can't give you specific numbers. In my experience at the office of small and medium enterprises, the vast majority of the companies we deal with are small businesses.

Our definition of a small or medium-sized business is the one established by Statistics Canada, i.e. a business with 499 employees or less. According to statistics, the vast majority of businesses in Canada fall into this category.

Even if I can't give you an exact number, it wouldn't surprise me if the vast majority of companies involved are small or medium-sized, and rather small.

Mrs. Julie Vignola: Fine.

We are in a crisis-management situation. The first measures were put in place in March, and your mandate probably started to change at that time. That said, there were alerts as early as the end of 2019. If memory serves, the first interventions in the House regarding COVID-19 date from January 27, 2020.

Did your offices take any preventive measures with respect to the companies or were the changes only made in March?

Mr. Lorenzo Ieraci: For us and for most companies, March is the month when there was a pretty dramatic impact, if I can use that term.

On March 12, we created a page on our website to encourage businesses to let us know what goods or services could be useful to them. That's when we started to see a pretty significant change.

As I mentioned in my statement, we often participate in conferences, seminars or webinars. We want to make sure that companies are aware of our organization and that they know that we offer services to them. In March, we saw a fairly significant change. There were no more conferences and we could no longer meet people in person. That forced us to change the way we operate as well, like doing more things by phone, Webex, or in some other way.

• (1540)

Mrs. Julie Vignola: Fine.

When you run a business, you try to avoid surprises and prepare for the worst. It is mainly a matter of taking preventative measures, having a strategic plan, and so on. In this case, despite the alerts we received, why were we caught with our pants down? We did not have a prevention plan or a strategy, or at least it looks that way.

Mr. Lorenzo Ieraci: To tell you the truth, I'm not sure how to answer your question. As an organization—

[*English*]

The Chair: Please be brief, if you could, sir. We only have a few seconds left.

[*Translation*]

Mr. Lorenzo Ieraci: Like most organizations, including private sector ones, we were forced to react to the situation as it unfolded.

[*English*]

The Chair: Thank you very much.

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

Mr. Matthew Green: Thank you very much, Mr. Chair.

I'd like to begin by asking questions of the Office of the Procurement Ombudsman.

We heard earlier today from Innovation, Science and Economic Development that there is funding going into new technologies. I understand that your office is to do alternative dispute resolution, ADR.

What mechanisms are in place to ensure that the businesses that have received funds and government contracts have actually used them for their intended purpose? Does your office play a role in mediating the results of the contracts that have been put in place, or is that left up to individual departments?

Mr. Alexander Jeglic: In terms of making sure the money is spent where it's designed to go, that isn't the role of the office, but the second piece of your question is exactly what we do. The parties to a federal contract that are involved in the management and administration of the contract can use our ADR services. That's exactly one aspect of our immediate mandate.

Mr. Matthew Green: What then would happen to a business that didn't secure the contract with the federal government, but had received funds?

Mr. Alexander Jeglic: That would be a bit of a different situation, and would be more of a grant and contribution type of scenario. We only review federal contracts.

That wouldn't fall as part of our review mechanism; I think that would fall within the parameters of the grant and contribution scheme that was set up by ISED.

Mr. Matthew Green: This one is going to the office of small and medium enterprises.

We've had many conversations about the logistics supply chain, from the buy and sell of procurement, all the way through to delivery. We've had conversations before this committee around who is responsible for what, as it relates to actual delivery of services.

I hear from you today that you are only the forward-facing platform for the intake of procurement submissions, RFPs and that type of thing. Is that correct?

Mr. Lorenzo Ieraci: That's correct. In the context of the current COVID situation and the website that we put up, we are following up with domestic companies to obtain more information. I think your categorization is accurate; we're at what I would call "the front end".

Mr. Matthew Green: Understanding that there have been some gaps between departments and services delivered—we've brought on big logistics companies like Amazon—has there ever been any discussion in your department to extend the scope of work to include a more robust A to Z kind of service for product procurement, delivery and tracking?

Mr. Lorenzo Ieraci: Is your question whether there have been conversations about that?

Mr. Matthew Green: Yes. Has it ever been in your work plan to go beyond the scope of simply taking in proposals to doing something that has more government-controlled accountability as it relates to the distribution of contracts, from the application through the procurement to the actual delivery?

Mr. Lorenzo Ieraci: I think what I would indicate in this case is that there are numerous groups that are working on these, and that there are...hand-offs. That's not the right word, but I can't seem to think of a better one right now. There is collaboration happening between the groups and the teams. As I indicated, at the office of small and medium enterprises, we are at what I would call "the front end" of the process. We want to make sure that companies understand how to do business with the Government of Canada, how to find opportunities and how to apply for those opportunities, but as I mentioned in my opening remarks, we are not the contracting team, obviously. That information moves to the contracting team, who then deals with some of the things you've identified.

• (1545)

Mr. Matthew Green: I can appreciate the size and scope of this. It's unprecedented. We're under national security emergency measures. I am, however, also a member of public accounts. I know that at the end of the day, when all of this stuff shakes out, there's going to have to be an accounting of where all the money has flowed to, who it's gone to and what it's been used for.

Could you perhaps provide what that might look like, if you have the ability to do so?

Mr. Lorenzo Ieraci: In terms of what it would like in front of public accounts or how—

Mr. Matthew Green: When you take in a contract for procurement, is there a mechanism within your department that shows when the contract has been completed?

Mr. Lorenzo Ieraci: I think what I would say in this regard is that, as the office of small and medium enterprises, we want to help educate companies on what it's like to do business with the Government of Canada. As part of that information, one of the things that we tell them of course is that doing business with the Government of Canada is not the same as doing business with the private sector, and that there are more obligations. As well, ultimately some more information could be made publicly available than otherwise would be the case in traditional business-to-business situations. That is one of the things that we want to help suppliers understand. When dealing with Canadian taxpayers' money, there is a higher level of review that is done. That would be through one of those mechanisms such as public accounts—

Mr. Matthew Green: That's a perfect segue into my last question. I know that time is running out.

What is your office doing to prepare to support SMEs once Canada has emerged from the pandemic?

The Chair: It's a short question, and I hope you have a short answer because we're really running out of time.

Mr. Lorenzo Ieraci: I will keep it very short. To be honest, we're really looking forward to that. We want to be able to continue to make sure that companies are aware of the fact that we exist and that our services are there to help them understand and demystify federal procurement so that we can help them on their journey through federal procurement.

Mr. Matthew Green: I appreciate that. I'm trying to demystify the process of government as well. I appreciate you.

The Chair: Thank you very much.

We'll now go into our second and last round of questions, for five minutes each.

We will start with Mr. McCauley.

Mr. Kelly McCauley: Mr. Ieraci, I'll start with you.

First of all, I want to give a shout-out to your Edmonton office. I've done several seminars with them throughout the province. They do an incredible job. It's some of the best service I've seen out of the public service.

We've heard so much about the 26,000 companies that have applied through buyandsell.gc.ca to sell to the government. How are you helping them navigate a less than friendly, less than straightforward procurement process so that they can actually, perhaps, sell to the government, as opposed to just the usual suspects getting the contracts?

Mr. Lorenzo Ieraci: Thank you for the positive feedback. It's really great to hear that. I'm fortunate to be working with a team of such dedicated and passionate public servants. I'm glad to hear that your experience has been positive.

With regard to your question, as I mentioned in a previous answer, we're using this opportunity to make sure that companies know that we exist and that we can help them on their journey through federal procurement.

Inevitably, there are going to be some companies that will not get contracts in the immediate term, but that doesn't mean we may not be able to do business with them in the future as we move through this pandemic.

Mr. Kelly McCauley: We know there's an issue with how difficult it is to get through the RFP process. That has shown up for years in the annual reports out of your office. Are you seeing Public Works working towards making it an easier process right now to try to get items bought and items built? Or are we still dealing with the same cumbersome RFP process?

Mr. Lorenzo Ieraci: You mentioned annual reports, but I don't know if the question was directed towards me or towards the procurement ombudsman. I apologize. I just want to make sure of that.

Mr. Kelly McCauley: It's for the procurement ombudsman. I'm sorry. I'll ask him that.

Are you seeing any change from Public Works, from up above, to lighten up the process to help out SMEs?

Mr. Lorenzo Ieraci: Thank you for the question.

One of the things that we are happy to report when we speak to companies is the fact that over the course of the past couple of years and the last—

Mr. Kelly McCauley: I'm thinking more of the last two months or the last month.

Mr. Lorenzo Ieraci: Specifically with regard to COVID-related procurement?

• (1550)

Mr. Kelly McCauley: Yes.

Mr. Lorenzo Ieraci: It's difficult for me to answer. As I mentioned, my team doesn't actually do procurement, so I need to be cautious on this.

What I would say is that I think what we've observed is the fact that there has been a movement to be able to do things as quickly as possible while, as you know, ensuring that due diligence is undertaken, but—

Mr. Kelly McCauley: I'm going to switch over now. I'm running out of time. Thanks very much. I appreciate it.

Mr. Jeglic, welcome back, and hello to Mr. Rabinovitch on the phone.

Are we seeing a spike in sole-source contracts being granted in dealing with this issue?

Mr. Alexander Jeglic: I wouldn't be able to speak to the numerical data now, but I would imagine that section 6 of the government contracting regulations is being invoked due to the emergency situation. What that exception does is allow for sole-sourcing in these unique circumstances.

Mr. Kelly McCauley: Yes, I suspect that, and I understand it in some ways. I also imagine that we're going to see a huge spike in the government's invoking of the national security exemption in order to sole-source as well. What remedy do some of our SMEs or other companies have in dealing with this after the fact?

The reason I ask is that we heard someone else from PSPC justify the buying of substandard masks from China because, quote, we have a past "relationship" with this company. I'm wondering if the government is using this crisis to skip over legitimate competitive bidding. What's going to be our recourse for our companies that are dealing with this?

Mr. Alexander Jeglic: Again, thank you for the question.

As I mentioned in the speaking notes, we are in fact the recourse mechanism for those companies so long as that meets the threshold of our jurisdiction, which is \$26,400 for goods and \$105,700 for services. As I mentioned, the Canadian—

Mr. Kelly McCauley: I suspect the CITT is going to have to deal with that.

Mr. Alexander Jeglic: Exactly, yes.

Mr. Kelly McCauley: Okay. Is there any recourse mechanism if the government does say, hey, it's for \$100,000 and below? That would deal with your area. Is there recourse if they just say that it's a national security exemption or invoke this other thing?

Mr. Alexander Jeglic: What we would look for is if there has been a breach of the rules, if the complainant can demonstrate that there is a breach. Just the mere invocation, if some of the criteria are met, itself wouldn't be a breach of the rules because it's specifically contemplated. But if you were able to see that it's a breach, then absolutely they would have a right of recourse with my office.

Mr. Kelly McCauley: That's great. Thanks very much.

I think my time is up.

The Chair: Thank you very much.

We'll now go to our final intervention for five minutes with Mr. Drouin.

[*Translation*]

Mr. Francis Drouin: Thank you very much, Mr. Chair.

I will share my speaking time with my esteemed colleague from Hull—Aylmer, Mr. Fergus.

My first question is for Mr. Ieraci, and Mr. Jeglic can add a few comments.

Mr. McCauley talked a little bit about the complexity of contracts offered to SMEs. We did a study in the past on the general terms and conditions of these contracts. Have you seen any improvement as a result of the modernization of procurement? Were those terms and conditions taken into account when dealing with SMEs? How does this relate to SME access to procurement in the context of the COVID-19 pandemic?

Mr. Lorenzo Ieraci: Thank you very much for your question.

As I mentioned earlier, there are many activities underway related to the modernization of federal procurement that we are sharing with small and medium-sized enterprises when we have an opportunity to discuss them. Of course, not all of these activities are completed yet, but our department has taken some fairly significant steps. I'll give you two examples.

First of all, over the past year, we undertook a major effort to simplify contracts to make their wording and structure easier for companies to understand. In the past, companies have told us that they received documents where information pertinent to them only started on page 75, so the structure may not have been the right one. We already have drafts, and our department was in a position before the current crisis to start using these new approaches to procurement. I hope we'll be able to continue to do that.

My second example is the work the department continues to do to develop a digital platform related to procurement. We want to migrate from our current system to a digital and automated system, and this project is also continuing to move forward.

• (1555)

Mr. Francis Drouin: Thank you very much.

Mr. Jeglic, do you have any comments to add?

[*English*]

Mr. Alexander Jeglic: Yes, I would like to make a comment, if you don't mind.

One of the positive things we've seen is more standardized documentation. It frustrates small and medium-sized businesses to no end that every process looks and feels different. That applies across the federal government, but now, one of the unique opportunities that the COVID-19 crisis has created is this enhanced collaboration between the federal government, provincial governments and municipalities.

That has also been a point of frustration. Oftentimes, suppliers to the federal government are also dealing with their provincial government and municipal government. If there could be increased standardization, that again helps those small and medium-sized businesses that don't have the money to hire a proposal writer to help them respond to these complex RFP demands. I believe Mr. Ieraci pointed to one of the collaboration initiatives that will enhance that standardization.

That's absolutely something positive that we're seeing, but there is no end to simplification. I attest to the fact that every time you go over one of these documents, it is still a difficult read, so it needs to be a continued point of emphasis for this committee as well.

The Chair: Mr. Fergus, your colleague Mr. Drouin has left you with approximately 60 seconds.

[*Translation*]

Mr. Greg Fergus (Hull—Aylmer, Lib.): Thank you very much, Mr. Chair.

I'd like to thank my colleague for allowing me to ask the following question.

My question is for you, Mr. Ieraci. First, I would like to commend the work your department is doing to ensure greater diversity among the companies that will supply the federal government.

In the context of the current International Decade for People of African Descent, what is your office doing, particularly in light of the current crisis, to ensure that visible minority entrepreneurs, or

those of African descent who can provide essential services and products to the federal government, have an equal opportunity to obtain procurement contracts?

Mr. Lorenzo Ieraci: Thank you very much for your question.

[*English*]

The Chair: Colleagues, as I am fond of saying on many occasions, when I give an intervention opportunity for a committee member, it's for both the question and the answer.

Unfortunately, Mr. Fergus, we have absolutely no time left for an answer to your question. However, I suggest to both of our presenters today that if there are any unanswered questions, or if you have responses that you did not have an opportunity to answer at this committee level, please provide written responses to our clerk, who will distribute them to our committee members.

Colleagues, that concludes our testimony for this afternoon because we have a very tight timeline and our technicians must be able to get over to set up for the next Zoom video conference starting in approximately one hour.

I will excuse both of our witnesses. Thank you very much for your presentations. Your information was greatly appreciated and extremely useful.

Colleagues, we will now adjourn and will reconvene and see each other tomorrow at 11 a.m.

We are adjourned.

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