

RESPONSE PACKAGE

PSPC responses to Questions Taken on Notice Standing Committee on Government Operations & Estimates (OGGO) 2021-2022 Supplementary Estimates (C) + 2020-21 Departmental Results Report March 4, 2022

Question 1 – regarding contracts to diverse suppliers

Response:

As the central purchaser for the Government of Canada, PSPC remains committed to leveraging federal procurement to achieve the Government's policy goals. PSPC is working to advance social procurement, focused on increasing the participation of small businesses across Canada, including those owned or led by equity-deserving groups.

PSPC recently launched its [Supplier Diversity Action Plan](#), which outlines concrete steps to support equity-deserving suppliers and to diversify the procurement supplier base. As a cornerstone of the Plan, PSPC developed a [Policy on Social Procurement](#) which came into effect in May 2021. The Policy allows the department to integrate socio-economic measures in the procurement of goods, services, and construction led by PSPC, including procurements for PSPC itself, and those led on behalf of other government departments. The Policy also enables PSPC to collect personal information on suppliers in order to create baselines and monitor progress toward supplier diversity overtime.

Additional insight is provided through the Survey on Financing and Growth of Small and Medium Enterprises, 2020 led by Innovation, Science and Economic Development Canada and administered by Statistics Canada. This survey collects information on the ownership of small and medium-sized businesses in Canada and includes analysis on a representative sample of PSPC procurements that are conducted on behalf of client departments. The 2020 survey (<https://www.ic.gc.ca/eic/site/061.nsf/eng/03149.html>) found that 17 per cent of small and medium-sized businesses were majority female owned. Additionally the survey noted that 9 per cent of small businesses were majority owned by visible minorities.

As our data work progresses, the Government of Canada continues to use its purchasing power to achieve economic, environmental and social policy goals. In particular, PSPC is developing initiatives that will increase the diversity of bidders on government contracts. For example, PSPC has undertaken a number of pilots to increase the participation of under-represented suppliers in federal procurement. An example is the Temporary Help Services (THS) supply arrangement. As part of the THS supply arrangement qualification process, suppliers were able to self-identify as a Diverse supplier (i.e. owned or led by women, persons with disabilities or visible minorities) or an Indigenous supplier using a self-attestation form. When bids are solicited for client requirements under the THS supply arrangement, between 11 and 15

suppliers are asked to participate, including 5 randomly selected Diverse and/or Indigenous suppliers. Alternatively, clients can also choose to receive bids exclusively from Indigenous suppliers. Over the first three quarters of 2021-22, 885 contracts were awarded under the THS supply arrangement; 370 contracts (42%) were awarded to Diverse suppliers, and 66 contracts (7%) were awarded to Indigenous suppliers.

Another example can be seen with the latest Black Business Procurement Pilot launched in 2021 aimed at expanding bidding opportunities for small Black-owned or operated businesses. To date, 6 contracts have been awarded to black businesses for a total of \$526,598.

The results of these pilots are being studied by the Department to identify ways to further diversity the federal supplier base.

In Spring 2022, PSPC will be engaging with industry, including equity-deserving groups, to co-develop the Program on Social Procurement and the Black Entrepreneurship Procurement Program. PSPC will also seek their views on the best approach to definitions and certifications.

Work is also underway to enhance data holdings with respect to under-represented groups. In 2019–2020, PSPC undertook an effort to manually gather and analyze bid data using a census approach to obtain data on procurement participation by Indigenous- and women-owned businesses. The results demonstrated that 11 per cent of bids received from businesses in Canada were owned by Indigenous peoples and that 16 per cent of bids were from businesses owned by women. The manual effort is a temporary measure until such time as the Electronic Procurement Solution is fully implemented.

Additionally, the department is implementing a Social Procurement Interim Data Collection Strategy to begin collecting information of the diversity characteristics of suppliers. This information will be collected mainly through the Electronic Procurement Solution (EPS) system as well as through other data collection methods, such Requests for Information. The implementation of EPS was the first step in creating a common approach to procurement systems, which harmonize the procurement process for suppliers as well as the collection of personal information on equity-deserving groups. This includes ensuring that privacy requirements were put into place according to the *Privacy Act* in order to use systems and processes to collect and store supplier's personal information. It is expected that a year of baseline data will be required before reporting in Summer 2023.

As part of implementing the minimum mandatory target of 5 per cent of the value of federal contracts to Indigenous businesses, PSPC, Indigenous Services Canada, and the Treasury Board of Canada Secretariat have established a robust reporting mechanism. The reporting responsibilities will be outlined in the Treasury Board (TB) Mandatory Procedures for Contracts Awarded to Indigenous Businesses, which will come into effect on April 25 2022, and its supporting Guidelines. Departments and

agencies will be phased in over three fiscal years with accountability resting with deputy heads. Once phased in, departments and agencies will be required to report publicly on contracts with Indigenous businesses and progress in meeting the target of 5 per cent. This will include reports to Parliament.

Question 2 – regarding sign language interpretation

Response:

The Translation Bureau relies on its sign language interpretation employees as well as freelancers to meet demand, and works in close collaboration with its clients to plan and prioritize their needs in advance. There is a shortage in qualified interpreters, not only in Canada, but around the world. As such, the Bureau has been working for a number of years to increase the number of qualified staff and freelance interpreters it can rely on. It is also working in collaboration with universities to train the next generation of sign language interpreters. In response to the significant increase in service requests over the last year, the Bureau is looking to establish a procurement mechanism for sign language interpretation such as a supply arrangement and/or a standing offer to simplify access to suppliers.

Question 3 – regarding the Auditor General’s report on the National Shipbuilding Strategy

Response:

Please note that the table below provides an update on progress against the Auditor General’s recommendations – Report 2 (2021).

Reports of the Auditor General (AG) of Canada to the Parliament of Canada National Shipbuilding Strategy – Report 2 (2021)

| AG RECOMMENDATION | DEPARTMENTAL RESPONSE IN THE REPORT | PROGRESS |
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| <p>2.36 Recommendation. The Canadian Coast Guard, National Defence, and Public Services and Procurement Canada should implement mechanisms to</p> <ul style="list-style-type: none"> • obtain complete, current, and reliable schedules to support shipbuilding projects • ensure that progress toward forecast targets and delivery timelines is monitored to enable timely decision making | <p>Agreed. Fisheries and Oceans Canada (the Canadian Coast Guard), National Defence, and Public Services and Procurement Canada agree that having complete, current, and reliable schedules is essential for decision making and management of the shipbuilding projects. Departments will continue to work together and with shipyards to improve delivery and accuracy of schedules and ensure more disciplined reporting of progress toward targets. Current tools, such as the shipyard-produced integrated project schedules, and approaches, including earned value management,</p> | <p>Obtain Complete, Current and Reliable Schedules</p> <ul style="list-style-type: none"> • Schedules and Earned Value Management (EVM) products are deliverables to Canada and undergo regular review and critique. Improvement in schedule quality and sophistication has been observed over the course of build projects under NSS. • Canada has established dedicated internal resources to evaluate and provide feedback on the quality of schedules and EVM products and also uses third party review to help inform Canada’s assessment of those products. • Supported by First Marine International, areas for continued improvement have been identified to the shipyards and with requirement for development of corrective action plans. <p>Progress Towards Forecast Targets & Delivery Timelines</p> <ul style="list-style-type: none"> • NSS governance has been a key enabler to promote awareness and review of schedule performance. • Governance has been critical to better understand and manage COVID-19 impacts to schedule during the pandemic. • Lessons learned on early construction activities at the shipyards are providing more realistic norms that underpin overall schedule forecasts. |

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| | <p>will be further matured to ensure that cost and schedule are properly managed and to support oversight by governance committees at all levels.</p> | <ul style="list-style-type: none"> • Canada is moving forward with implementation of core productivity measures such as FMI “Basket of Measures”, as part of its initiative to enhance schedule performance oversight of NSS projects. <p>Summary</p> <ul style="list-style-type: none"> • Canada’s engagement, oversight at governance, and investment in resources including third parties is providing benefit and Canada is seeing improvement in the quality and sophistication of scheduling information and Canada is better positioned to discuss schedule performance with the shipyards. • The shipyards are committed to continue to perfect schedule development and management practices and are increasingly finding value in EVM and performance measurement to enhance schedule forecasting competencies. • COVID-19 has challenged shipyard productivity and has necessitated more frequent schedule baseline updates to deal with the current uncertainty. |
| <p>2.46 Recommendation. Public Services and Procurement Canada should improve risk management tools at the National Shipbuilding Strategy’s management level to enable</p> <ul style="list-style-type: none"> • thorough risk analysis • specific, time-bound, and measurable risk mitigation action plans • better monitoring of the implementation of risk mitigation measures | <p>Agreed. Public Services and Procurement Canada will improve risk management tools used to support the management of risks. These risk management tools will ensure that all relevant information is available to decision makers and ensure clarity and transparency.</p> | <ul style="list-style-type: none"> • The NSS Risk Management Team has undertaken a detailed review of available risk management tools and have identified an internationally accepted software tool. The software will allow for a coherent and integrated approach to the evaluation of risks across all programs, including identification and reduction of systemic risks; the measurement of risks, including the potential magnitude and likelihood of cost impacts; and recurring problem analysis. Implementation of the new software tool is underway. • Risk Management is central to NSS Governance discussions internal to Canada and during engagements with NSS shipyards. Risks and Issues are regularly reviewed to ensure awareness and insight of items that could influence NSS project success. |
| <p>2.49 Recommendation. Public Services and Procurement Canada should consider the experience of</p> | <p>Agreed. The target state requirement is an important facet of the National Shipbuilding Strategy. Public</p> | <ul style="list-style-type: none"> • Under the required conditions of Target State, NSS shipyards are required to attain the capability and technologies required to build their specific work packages at a reasonable level of economy and efficiency. |

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| <p>the first 2 shipyards in determining a schedule to achieve target state for the third shipyard</p> | <p>Services and Procurement Canada is applying to the third shipyard the lessons learned from the first 2 strategy shipyards in terms of the timing of assessments within the target state process.</p> | <ul style="list-style-type: none">• Target state assessment has proven valuable to ensure the continued maturation of shipyard infrastructure and construction processes.• Lessons learned have been applied to current NSS shipyard Target State programs and have been used to inform the approach with the 3rd yard. PSPC proposes to take lessons learned from initial NSS Umbrella Agreements, and, subject to negotiation, integrate these into the Umbrella Agreement with the third NSS shipyard (particularly the association of timing of assessments with a milestone-based approach) |
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