



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

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

---

OGGO • NUMBER 008 • 1st SESSION • 41st PARLIAMENT

---

**EVIDENCE**

**Tuesday, October 4, 2011**

—  
**Chair**

**Mr. Pat Martin**



## Standing Committee on Government Operations and Estimates

Tuesday, October 4, 2011

• (1530)

[English]

**The Chair (Mr. Pat Martin (Winnipeg Centre, NDP)):** Good afternoon, everyone, and welcome.

I'm going to call to order the 8th meeting of the Standing Committee on Government Operations and Estimates.

Today we have guests from the acquisitions branch of the Department of Public Works and Government Services. We have the ADM, Mr. Pablo Sobrino. Welcome, Mr. Sobrino.

And from OSME, the Office of Small and Medium Enterprises acquisitions branch, we have Shereen Benzvy Miller, director general. Welcome to you as well, Madam Benzvy Miller.

I understand you have a 10- or 15-minute presentation, and then the committee members will be looking forward to asking you some questions.

**Ms. Shereen Benzvy Miller (Director General, Acquisitions Branch - Office of Small and Medium Enterprises, Department of Public Works and Government Services):** Thank you, Mr. Chair.

**Mr. Pablo Sobrino (Associate Assistant Deputy Minister, Acquisitions Branch, Department of Public Works and Government Services):** Thank you, Mr. Chair.

Good afternoon.

I am pleased to appear before you today to discuss one of the programs within my organization, the Office of Small and Medium Enterprises. I am Pablo Sobrino, the associate assistant deputy minister responsible for the acquisitions branch in the Department of Public Works and Government Services Canada.

With me is Ms. Shereen Benzvy Miller, the director general, who oversees both the Office of Small and Medium Enterprises and the client engagement sector of the acquisitions branch.

[Translation]

At the outset, I would like to underscore our understanding that small and medium enterprises are a very important aspect of the Canadian economy and an engine of job creation.

Accordingly, in 2005 PWGSC's Office of Small and Medium Enterprises—the OSME—was created to advocate on behalf of SMEs in federal procurement.

[English]

Our goal is to provide these enterprises with access to government contract opportunities by reducing procurement barriers, simplifying the contracting process, providing training and education, collaborating to improve procurement policies, and working to ensure the concerns of SMEs are brought forward and heard.

[Translation]

In 2006, the OSME's regional presence was increased through the Federal Accountability Act action plan, which saw the establishment of six offices across the country. Thanks in part to this increase, OSME has assisted many individuals and suppliers throughout reach seminars, trade shows, meetings and a national, toll-free, information service.

[English]

In June 2009, officials of Public Works and Government Services appeared before this committee to discuss the subject. The committee subsequently identified five goals, with recommendations, regarding procurement policies and practices involving small and medium enterprises. We thought we'd take the opportunity to go over those.

The key themes based on these goals are raising awareness of the federal marketplace, improving access to federal contracts, breaking down procurement barriers, ensuring fairness, and supporting innovation.

We are committed to promoting fair, open, and transparent access for SMEs to government procurement opportunities, and since our last appearance we've been focusing on how best to meet the goals set out by this committee.

I would like to outline our progress to date in view of the identified key themes and briefly touch on some future directions we're considering.

[Translation]

Let's talk about the first theme, which is raising awareness of the federal marketplace.

We encourage and assist SMEs across Canada to participate in the federal procurement process through our regional offices. The regional offices provide face-to-face assistance to businesses including free one-on-one counseling and procurement information seminars on doing business with the Government of Canada.

We touch on topics such as understanding the procurement process, registering your business, promoting yourself, searching for bid opportunities, and bidding on opportunities. We have also introduced other seminars that focus on specific subjects about which SMEs have expressed an interest.

• (1535)

[English]

Our seminars are often offered outside regular business hours, in several languages, and are delivered in person and/or by tele-conference and/or seminars over the web. Feedback that has been received from attendees at our seminars indicates a satisfaction rate of approximately 95%.

We also provide a national information service with the toll-free InfoLine. Through this tool, business operators are able to retrieve information on subjects such as how to register as a supplier or how to get on a standing offer.

We also make special efforts to reach out to aboriginal and women-owned businesses, as well as minority-language communities, to provide support and broaden their understanding of the federal marketplace.

OSME has assisted over 140,000 individuals and suppliers since becoming operational. Each year this number grows substantially, and last year we helped over 44,000.

As to improving access to federal contracts, in September 2010 our new procurement website, [buyandsell.gc.ca](http://buyandsell.gc.ca), was launched to provide a one-stop portal for suppliers to access information they need to do business with the Government of Canada in one location.

The website has been well received by businesses. Several industry stakeholders were asked to provide comments about [buyandsell.gc.ca](http://buyandsell.gc.ca), and I'm pleased to say that in September 2010, Corinne Pohlmann, vice-president for national affairs at the Canadian Federation of Independent Business, had this to say:

*Buyandsell.gc.ca is a big step forward in helping smaller firms get a shot at government procurement. Government procurement can be a challenging proposition for small and medium-sized businesses and this website can help reduce the confusion and increase the opportunities available to entrepreneurs.*

[Translation]

Following our opening remarks, we will be pleased to provide a demonstration of the [buyandsell.gc.ca](http://buyandsell.gc.ca) website to this committee, and further elaborate on how the site provides the necessary information for Canadian businesses to do business with the Government of Canada.

[English]

Regarding breaking down procurement barriers, we believe that breaking down barriers begins with consultation and speaking with suppliers and potential suppliers to learn more about what aspects of the procurement process cause them problems. Part of the important work done by the Office of Small and Medium Enterprises includes ongoing consultations with both suppliers and clients. This provides an important flow of information both to and from these important stakeholders. For example, earlier this year we coordinated several roundtable discussions to provide suppliers with a forum to discuss

procurement barriers and potential solutions directly with Minister Ambrose.

As procurement barriers are identified through these and other efforts, we then take steps to address them.

[Translation]

When we are developing national procurement strategies for goods and services, our consultations include representatives of the SME community. This allows concerns to be raised throughout the process. To this end we have consulted over 4,000 suppliers on 14 potential strategies over the past year and a half. For example these have included food and beverage, office equipment, and janitorial services.

In another example, OSME has worked with departments to improve the availability of procurement documents in both official languages.

[English]

With respect to the fourth theme, ensuring fairness, PWGSC undertakes many activities. To highlight a few, OSME sensitizes PWGSC procurement staff in formal training activities by outlining the barriers faced by small and medium enterprises and ways to reduce and remove them.

[Buyandsell.gc.ca](http://Buyandsell.gc.ca) provides greater access to business intelligence and greater transparency to government processes. This site provides information to both sellers and government buyers. It reduces the time needed for SMEs to search a variety of sites, while at the same time providing deeper information sources that will assist in the preparation of bids.

[Translation]

Finally, for the fifth theme—supporting innovation—we've made some significant progress.

To promote economic growth, in Budget 2010 the Government of Canada committed to the creation of the Canadian innovation commercialization program on a pilot basis. Launched in September 2010, this two-year pilot is a competitive procurement program that helps Canadian businesses to commercialize their pre-commercial innovations through tests and evaluations in federal government departments.

This program will be discussed in more detail on October 6.

• (1540)

[English]

Overall, OSME has proven to be a successful program with high client satisfaction ratings. We reach out through conferences, trade shows, and industry associations. We are consulting widely on a significantly streamlined approach to procurement of professional services, we are standardizing and simplifying terminology in procurement documents, and we also continue to offer services via the web, the phone, or in person.

Now, Mr. Chair, if you agree, I would ask Ms. Benzvy Miller to lead a short demonstration of the [buyandsell.gc.ca](http://buyandsell.gc.ca) website, following which we would be happy to answer any questions you may have.

**The Chair:** I think that would be very useful.

**Ms. Shereen Benzvy Miller:** Thank you, Mr. Chair.

Ladies and gentlemen,

[Translation]

...you can see that...

[English]

[buyandsell.gc.ca](http://buyandsell.gc.ca) is on some screens

[Translation]

...and [www.achatsetventes.gc.ca](http://www.achatsetventes.gc.ca) is on the other screens.

[English]

Since the creation of the Office of Small and Medium Enterprises, we have listened to the barriers and challenges that Canadian businesses have been facing when trying to do business with the Government of Canada.

[Translation]

Canadian businesses have reported two big challenges. When they are looking to do business with the Government of Canada, they must first master the jargon and understand the federal procurement process.

[English]

Before [buyandsell.gc.ca](http://buyandsell.gc.ca), Canadian businesses had to navigate a variety of websites in an attempt to educate themselves about government procurement or to find information about what the government buys.

Canadian businesses expect the government to provide simple, effective, efficient access to services. New technologies such as mobile devices and important initiatives such as open government and open data have raised Canadians' expectations further.

[Translation]

Did you know that Government of Canada procurement represents a market of several billion dollars?

[English]

Did you know that the Government of Canada procurement represents a multi-billion dollar marketplace? So how is OSME helping Canadian small and medium-sized businesses to do business with the Government of Canada? OSME developed a single starting point: [buyandsell.gc.ca](http://buyandsell.gc.ca) is the government procurement website.

[Translation]

The address of the Government of Canada procurement website is [www.buyandsell.gc.ca](http://www.buyandsell.gc.ca).

[English]

[Buyandsell.gc.ca](http://buyandsell.gc.ca) makes the experience of Canadian businesses trying to find out more about doing business with the government simple, fast, and efficient. GWGSC developed [buyandsell.gc.ca](http://buyandsell.gc.ca)

[Translation]

—[www.achatsetventes.gc.ca](http://www.achatsetventes.gc.ca) in French—

[English]

by consulting with hundreds of Canadian businesses and government representatives across Canada. As we continue to listen to Canadian businesses, the site will evolve as a user-friendly, intuitive, and useful suite of services, leveraging the power of the Internet to help Canadian businesses do business with us.

Have we been successful? Since its launch in September 2010, [buyandsell.gc.ca](http://buyandsell.gc.ca) has served 230,000 visitors who have viewed over 840,000 pages.

Linda Oliver, the vice-president of the Information Technology Association of Canada, was among the major industry players supporting [buyandsell](http://buyandsell.gc.ca) and she said:

The facilitation of fair and easy procurement is a major priority for ITAC. We see great value in a website that could contribute to this end by providing both government and industry procurement professionals with the resources they need to buy and supply as efficiently as possible.

Let me give you an example. Let me introduce you to George. George is a cabinetmaker who owns a small construction business. George is looking to expand his construction business by exploring opportunities with the Government of Canada.

[Translation]

George would like to know where to start to sell his services and wood products to the Canadian government.

[English]

He would like to know where to begin his search for federal government opportunities to sell his services and wood products. After contacting the Office of Small and Medium Enterprise, he was directed to [buyandsell.gc.ca](http://buyandsell.gc.ca).

[Translation]

From the [www.buyandsell.gc.ca](http://www.buyandsell.gc.ca) home page, he is directed to the section for businesses.

[English]

What are the steps to sell to the government?

[Translation]

George reads the various steps. The first is "understanding the process"; the second is "register your business"; the third is "promote yourself"; the fourth is "search for opportunities"; and the fifth is "bid on opportunities".

● (1545)

[English]

George clicks on the first link, step one, "Understanding the Process". He scrolls down and finds out that for a small business, construction opportunities below \$100,000 are facilitated through a web service called "Select". That was simple. Prior to [buyandsell.gc.ca](http://buyandsell.gc.ca), it was complex. This sort of information was buried below many mouse clicks and hidden behind terms not widely known or understood outside of government.

From wondering about how to do business, to registering, to selling, George will find it all on buyandsell.gc.ca.

Continuing on his first experience, he registers his company to get a procurement business number. Then, still on the site, he will see how to promote his business across government. He will find opportunities to bid on.

[*Translation*]

If George wants more information, the Office of Small and Medium Enterprises offers free seminars to help Canadian businesses interested in doing business with the federal government.

[*English*]

Across the country, six regional offices of the Office of Small and Medium Enterprises will help new businesses to understand the procurement process with seminars on registering, finding contracts, conducting market research, and more. With a greater knowledge of how to navigate the procurement process, George can begin bidding on opportunities to expand his business.

Buyandsell.gc.ca is the result of collaboration with Canadian businesses and government procurement professionals.

[*Translation*]

The www.buyandsell.gc.ca website guides new and experienced users through the various steps required to do business with the federal government.

[*English*]

Because it's easy to use and provides users with web-based services they need to do business with us, buyandsell.gc.ca revolutionizes the way SMEs do business with the Government of Canada.

With buyandsell.gc.ca, businesses can now focus more on doing business and less on finding out or figuring out how to do business.

Thank you for your time.

**The Chair:** Thank you very much, Ms. Benzvy Miller. That was very useful. My only observation is that George must have better eyesight than I do or he wouldn't be doing much business.

I'm sure it would be easier on a computer screen.

**Ms. Shereen Benzvy Miller:** Mr. Chairman, it's easy to find on your computer—buyandsell.gc.ca.

**The Chair:** I understand.

That is interesting. I was part of the study earlier in 2009 when we went through some of the problems, some of which it seems you have resolved by this streamlined, single-window opportunity. That's an interesting connection, and perhaps gratifying that the work of the committee does in fact sometimes translate into meaningful change within bureaucracy.

**An hon. member:** Let's not get carried away.

**The Chair:** Let's not get carried away. You don't want any of this to catch on.

The committee members are interested in asking some questions. Up first we have, for the official opposition, Alexandre Boulerice.

[*Translation*]

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

Ms. Benzvy Miller and Mr. Sobrino, I'd like to thank you for your presentation. I'd also like to thank you for being with us today and for your efforts in helping SMEs in obtaining contracts with the federal government.

If you will allow me, I'd like to spend some time on a fairly specific aspect of your Canadian innovation commercialization program, which is entirely new and a good idea in itself. We aren't against the principle in general or in particular. But we've learned that 20 projects a year can be approved and funded in four different priority sectors: health, safety and security, environment and enabling technologies. In the initial calls for proposals that were launched, we noted that Paradigm Shift Technologies Incorporated was among the qualified companies. Its mission, as part of your innovation program is the:

Development and demonstration of environmentally benign technology for life extension of F-35 gun system, a major component that will make the entire aircraft system green.

We were surprised to see that the F-35 could be considered an ecological aircraft. Even today, CBC revealed that, based on the purchases in the United States and Israel, F-35 aircraft actually cost about \$130 million or \$140 million each instead of \$75 million. The federal government would also inject money through the innovation program to make the F-35 gun system ecological. Is that right?

**Ms. Shereen Benzvy Miller:** I think we've been invited to speak on Thursday about that very program. Would you like me to try to answer you today or would you prefer me to wait until Thursday? It's a question for the Canadian innovation and commercialization program and we'll be here on Thursday to answer questions about that.

● (1550)

[*English*]

**Mr. Alexandre Boulerice:** I will be more than happy to repeat my question on Thursday.

**Ms. Shereen Benzvy Miller:** It was just a point of order, because I can answer it now or we can answer it on Thursday, but on Thursday we'll be presenting you with the whole program for the Canadian innovation and commercialization program. It's whatever you prefer.

[*Translation*]

**Mr. Alexandre Boulerice:** I have another question.

[*English*]

**The Chair:** I think that might be a better use of our time. Alexandre, if you want to go after that issue on Thursday, that might be more in order.

[*Translation*]

**Mr. Alexandre Boulerice:** No problem.

According to your report, some 60% of jobs in Canada are created by small and medium enterprises. What's more, some 66% of contracts awarded by the federal government are offered to small and medium enterprises. But their contracts represent only 43% of the value of all the contracts that are given.

How do you explain the fact that 60% of jobs in the country come from SMEs, that they get 66% of government contracts, but that these contracts count for only 43% of the value of the contracts distributed by the federal government? Do you find this rate of 43% satisfactory? Should there not be more of an effort to encourage our small and medium enterprises more?

**Mr. Pablo Sobrino:** In response to that question, I should say that we award close to 70% of contracts to SMEs. In fact, these contracts are lower in value and, for the most part, are worth over \$1 million.

Actually, the Department of Public Works and Government Services is spending \$5.2 billion, for a total value of \$11 billion, counting internal purchases. This also includes the major purchases that were made through large contracts, particularly military purchases. The contract holders themselves make purchases from small enterprises, but we have no numbers on that. It's a little complicated. But directly, in terms of volume, 70% of contracts are awarded to SMEs.

**Mr. Alexandre Boulerice:** Five years after your office was created, there are still small and medium enterprises that do not really understand the process for obtaining government procurement contracts. Aside from the website and George's efficient journey, what awareness or diffusion programs do you have to inform small and medium enterprises?

**Ms. Shereen Benzvy Miller:** We have six regional offices in Canada that offer free seminars. We are working very closely with associations in all markets and with the community organizations. Often, we even offer the outreach service in the community language, such as Punjabi or Chinese. We really try to go to vendors to help them understand the marketplace.

[*English*]

**The Chair:** That concludes your time, Alexandre.

For the Conservatives, Mr. Gourde.

[*Translation*]

**Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC):** Thank you very much, Mr. Chair.

I'd like to thank the witnesses for being here and for their presentation. Your presentation on how the website works was most appreciated.

How long has the website been up?

**Ms. Shereen Benzvy Miller:** It was launched in September 2010.

**Mr. Jacques Gourde:** How long did it take to get it up? A year or two?

**Ms. Shereen Benzvy Miller:** One year.

**Mr. Jacques Gourde:** Since it's been up, have you received comments from small and medium enterprises after they used the site to access the marketplaces?

**Ms. Shereen Benzvy Miller:** We interact with small and medium enterprises every day. We receive a lot of comments in writing and through our 1-800 number. We help them navigate the federal systems. The comments have been very good. It helps us develop the website. As long as small and medium enterprises are sharing their ideas with us, we will incorporate them into the system. For example, people wanted the list of government standing offers that already exist, and quite recently we were able to post that list on the website, so that everyone could see it.

• (1555)

**Mr. Jacques Gourde:** Have you seen an increase in the number of small and medium enterprises that have access to the Canadian government because of your website?

**Ms. Shereen Benzvy Miller:** It's difficult to make a link between those numbers and the success of the website. But based on the surveys done with clients, small and medium enterprises, we have about a 95% rate of satisfaction.

**Mr. Jacques Gourde:** Have you been able to see whether this has enabled a new generation of entrepreneurs—younger and more skilled at using the Web—succeed in becoming new suppliers?

**Ms. Shereen Benzvy Miller:** I do not have access to sufficient survey data to answer that. So my reply will come in the form of my impressions.

In the area of technology, there is enormous enthusiasm for what we are doing because it really ties in with the government's objective of

[*English*]

open data and open government.

[*Translation*]

It also encourages Internet use, which makes interaction with the marketplace easier. In other areas too, entrepreneurs find that it is much easier to work via the Internet from where they are. This website makes it easier to work with them and it is much appreciated.

**Mr. Jacques Gourde:** Before the Office of Small and Medium Enterprises was created, you must have had a list of potential suppliers. Has that list been expanded? Is there a greater range of suppliers, better distributed across Canada?

**Ms. Shereen Benzvy Miller:** Yes and no. The problem is that our information gathering is not as good as we would like. Often, we do not ask suppliers for personal information, which would tell us whether we were dealing with a diversified population. But we are trying to do so more and more so that we can get more in-depth data.

**Mr. Jacques Gourde:** You have regional offices providing services to small and medium enterprises. Do they allow more entrepreneurs in those cities to have access to the goods and services that the Government of Canada needs there, whether it is Vancouver or anywhere else? Do you feel that the regional offices have given local businesses access to the marketplace?

**Ms. Shereen Benzvy Miller:** Yes, that has been the case, both in cities and in more rural areas. Our regional offices are in big cities but people travel all through their regions in order to provide the services widely. Things have gone very well in small towns and villages; a lot of associations, such as chambers of commerce for example, are involved.

**Mr. Jacques Gourde:** So it has allowed some regions to create jobs that did not exist at all before.

**Ms. Shereen Benzvy Miller:** We hope so, yes.

**Mr. Jacques Gourde:** Thank you very much.

Do I have any time left?

[English]

**The Chair:** That concludes your time, Mr. Gourde.

[Translation]

**Mr. Jacques Gourde:** Thank you very much.

[English]

**The Chair:** Mr. Mathieu Ravnignat, you have the floor.

[Translation]

**Mr. Mathieu Ravnignat (Pontiac, NDP):** I would also like to thank you for being with us today and for providing us with this very useful information. We are talking about a service that is absolutely essential, especially in ridings like mine.

But as you know, last June, the government announced budget cuts in the public service. At Public Works and Government Services Canada, 700 jobs were scheduled to be eliminated. I imagine that is a concern for you. Given that, in my opinion, the service you provide is essential, do you have plans in case you are affected by those cuts?

**Mr. Pablo Sobrino:** No, we do not anticipate cuts in agencies that support SMEs. The cuts are in services that have run their course and are no longer used.

**Mr. Mathieu Ravnignat:** You have been told that?

**Mr. Pablo Sobrino:** Certainly; but the Office of Small and Medium Enterprises is not affected by the strategic review.

• (1600)

**Mr. Mathieu Ravnignat:** Very well.

In my riding, there is another concern with regard to your definition of what is a small or medium business. I am not certain that the smaller businesses are deriving any benefit from that definition. You probably hear that comment continually. It is not new.

In its definition of small and medium businesses, the European Union refers to 250 employees. Quebec has set the maximum number of employees at 500, but it also takes turnover into account.

I would like to know whether, regarding companies that have availed themselves of your services, that definition is revised or reassessed on an annual basis. Are you sure that small businesses really benefit from the limit being set at 500 employees? And finally, have you considered adding a criterion that would take turnover into account?

**Mrs. Shereen Benzvy Miller:** When we are asked that question, we answer that we use the definition provided by Industry Canada. It

states that a small business has fewer than 100 employees, while a medium business has fewer than 500 employees. At the Office of Small and Medium Enterprises, we believe that our mission is to help entrepreneurs, whatever the size of their business. We are there to help them. We almost never ask them how many employees they have. We consider that the needs are the same whether the business has a single employee, five employees or 100 of them. Our mission is to help the country's businesses. And so we don't review the figures since we don't consider the number of employees. We want to help all of the businesses. We encourage all of them to contact us.

**Mr. Mathieu Ravnignat:** Do you encourage even businesses that have more than 500 employees?

**Mrs. Shereen Benzvy Miller:** Yes, we encourage even those. We would not like to see the federal government only provide help to businesses so long as they only have 500 employees, but no longer help them the day they have 510 employees, if they were being successful. The truth is that we try to help all businesses.

Moreover, it must be said that 98% or 99% of all Canadian businesses are SMEs. Given that percentage, it is reasonable to conclude that we help all businesses.

[English]

**The Chair:** You have one minute, Mathieu.

[Translation]

**Mr. Mathieu Ravnignat:** So basically, the 500-employee criterion and the name of the program have no relevance.

**Mrs. Shereen Benzvy Miller:** Quite the opposite, with all due respect, they are relevant since 99% of all businesses in Canada are SMEs. We dedicate ourselves to them. It is true that our organization could have been called the Office of Canadian Enterprises. The fact remains that most of them are SMEs and that our mission is to help them.

**Mr. Pablo Sobrino:** I would simply like to add that the program is managed so as to have us be present in communities, and we conduct seminars there outside of business hours. The businesses are targeted by this program, which is structured to help small entrepreneurs who do not have the necessary time to leave their offices during the day.

**Mr. Mathieu Ravnignat:** Ms. Benzvy Miller said the opposite.

**Mr. Pablo Sobrino:** No, the program is managed so as to target small businesses specifically. Someone who phones to obtain information can also use the website. In fact, anyone can use it. The program is structured so as to reach entrepreneurs who don't have time to access our services during the day.

**Mr. Mathieu Ravnignat:** Thank you.

[English]

**The Chair:** That's it, Mathieu.

Ron Cannan, go ahead, please.

**Mr. Ron Cannan (Kelowna—Lake Country, CPC):** Thank you, Mr. Chair.

Thank you to our guests here this afternoon.



We know this government is focused on the economy, on creating jobs, paying down the debt, balancing the budget, and working with our small businesses, which are the economic engine that drives our economy.

I sit on the trade committee as well, and earlier today we met with the trade commission services that work with the Business Development Bank of Canada, BDC. Do you operate in an integrated way with any of the other federal departments within some of the smaller communities across Canada? Or have you ever thought of working in partnership in that way?

**Ms. Shereen Benzvy Miller:** Thanks. That's a great question.

We work very closely with all kinds of partners. Our focus is really on outreach. We try to maximize the government's outreach by going out with partners to trade shows, to special events, and to the chambers of commerce. We go together so we can actually have an organized response to the needs of these various business people. For example, we work closely with Indian and Northern Affairs on the PSAB program to do outreach to aboriginal entrepreneurs related to the aboriginal set-aside program. We go out with the BDC. We go out with any departments who are interested in doing outreach to small and medium-sized businesses across the country to give them any information about the federal government's programs that might help them.

• (1605)

**Mr. Ron Cannan:** My colleague, Mathieu, was talking about the size. A small business can become a big one quite quickly. I represent a beautiful riding in Kelowna Lake country in the Okanagan. There were three animation artists who worked in their basement and all of a sudden sold their company to Disney for \$325 million, and they have over 400 employees now. We're going to grow from that seed that was planted. Some members of the animation industry are on the Hill here today. We're working with that very robust industry and trying to help feed into that.

For some of the small business sectors I've spoken to in our community it's a bit daunting sometimes. They feel it's cumbersome. They're trying to find their way into MERX. I know the Canadian Federation of Independent Business have commented in the past, and we get our comment sheet from CFIB members. What have you done to try to make the process a little easier for them?

**Ms. Shereen Benzvy Miller:** That's a great question. We work every day to respond to the barriers that are raised. In fact, we work with the CFIB and other associations whose members might give them feedback and that do their own surveys. We use that information to try to help break down the barriers in government.

I would say that our work is really in two packages. One is outreach, obviously, through creating buyandsell.gc.ca, through the 1-800 line, through the seminars we do, through attending trade shows, and through all the face-to-face or grassroots interaction we have with those vendors. We also try to actually bring back the feedback they give us. This is the second half of our work, which is why I'm also the director general of the client engagement sector. We try to bring that feedback back into government so that government can be responsive in the way in which we do procurements and we can be asking ourselves the right questions to make it easier and not as complex to do business with the government.

**Mr. Ron Cannan:** As a former small business owner, I appreciate your making it easier.

One other aspect in small business is cashflow. Cash is key. You have to keep paying the bills. One thing we heard last week from the procurement ombudsman, who testified before our committee last week as a witness, was about the delays in getting payments to small businesses. Have you heard that as well? If you have, is there some way you're trying to expedite the process, so that the "cheque is in the mail" and "the government is here to help you" kind of thing?

**Mr. Pablo Sobrino:** Yes. We try to make it so that when the cheque is in the mail, it's actually in the mail.

We're working with the Comptroller General at Treasury Board, who sets the policy framework for financial management, to drive home the point that we have to make our payments quickly. There's something called the management accountability framework that's being instituted in the federal government. It's how managers are measured. Within that management accountability framework, they've added an element about payments. You have to reduce the number of late payments. As well, at PWGSC, if there is a late payment, we pay the interest, which we think is a good practice. That is a practice we're trying to get instituted across the system. It's an incentive to pay quickly.

**The Chair:** Your time is up.

**Mr. Ron Cannan:** That's it? Well thank you very much.

It's great news. Keep up the good work.

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

From the Liberal Party, we'll have John McCallum, please.

**Hon. John McCallum (Markham—Unionville, Lib.):** Thank you, Mr. Chair, and thank you both for being here.

I want to have a bottom-line approach. What impact do you really have? On one hand, I was impressed by the positive comments from the Canadian Federation of Independent Business on your website. I fully accept that it's a good website.

If you're here to help small businesses get procurements, and you've been operating for about five years, then I would think it doesn't help us very much to say that you've assisted 140,000 individuals and suppliers, because that doesn't tell us whether the assistance did anything, at the end of the day.

I would be interested in knowing whether, of all the procurements by the Government of Canada, the percentage obtained by small business has been going up or down since you started business. I would think that might be an actual target. If you want to help small business, and you're successful, one would expect over time that small businesses would get a rising share of the contracts. Another way of looking at it, which is similar, is to ask what proportion of the contracts, the procurements, small businesses get—let's say it's 30%, just to throw out a number—and what percentage of jobs or sales are accounted for by small businesses—let's say it's 50%. You'd want that 30% to 50% gap to get smaller over time. That way, one would have a better idea as to whether your program has in fact helped small businesses get more procurement business. Do you have any information of that kind?

•(1610)

**Mr. Pablo Sobrino:** First of all, it is very difficult to make the link between the service we provide and the number if we're changing the shape and volume of small businesses in terms of contracts. In terms of volumes, they have been pretty steady over the last five years. They're around 38,000 per year in terms of the number of contracts let to small to medium enterprises. About 70% of what we let at Public Works goes to small and medium enterprises, and it's about 38,000 a year. It has varied over that time from a high of about 42,000 to a low of 36,000. It moves around a bit.

The main thing we're working on is trying to reduce the amount of time involved in engaging in the contract arrangement. We're doing that in several ways.

I don't have an answer as to what those metrics are. That's what we're beginning to start to track. The use of this site is giving us the information date to start that kind of tracking. We have been in place for five years, but the work here is really a work that has begun over the last year and a half to two years.

**Ms. Shereen Benzvy Miller:** May I just add to that?

There's another measure from businesses, which we're very interested in—is it easier, less painful, and therefore cheaper for them to engage in doing business? So the cost of bidding, for example, is something we're very interested in and we will be exploring. We have been trying to work, actually, with CFIB to get some information on that, so that will be one measure.

But overall, the total amount of dollar value has gone.... The last time we testified it was in the \$4.7 billion share for a small business and now it's up in the mid \$5 billion. So the overall share of business has increased.

But as I said previously, I'm not entirely sure that OSME can take a causal—

**Hon. John McCallum:** Okay, but I think it would be interesting to have the data on the time it takes and the cost and how that has changed over time—

**Ms. Shereen Benzvy Miller:** And that's what we're going to try to get.

**Hon. John McCallum:** —and whether you have therefore had an impact.

You say the number of contracts has fluctuated from 36,000 to 42,000. Has it shown any trend up or down?

**Mr. Pablo Sobrino:** There is no trend. There hasn't been a decrease, but there is no trend upwards or downwards.

**Hon. John McCallum:** Would it make sense for your group to have some target on either the time or the cost or the share of small business in total procurement?

**Mr. Pablo Sobrino:** Well, what we measure is fair, open, and transparent, so that small and medium enterprises have fair access, the information is open, and what the contract was at the end of it was transparent to all, so they can make proper business decisions. That has been our focus as we got this going, and that's part of what we're trying to do with this site, which is to make that information available.

We agree that we want to have metrics, and that's what we're developing—those metrics—but they're not in place at this point.

**Hon. John McCallum:** Thank you.

**The Chair:** The last questioner in this round is for the Conservative Party, Bernard Trottier.

**Mr. Bernard Trottier (Etobicoke—Lakeshore, CPC):** Hi there, and thank you for coming in today.

One of the entrepreneur groups that exist in this country is actually new Canadians, especially in my proud riding of Etobicoke—Lakeshore. In the city of Toronto there are a lot of entrepreneurs from eastern Europe, in particular. Based in my riding there is an organization called the Canada-Ukraine Chamber of Commerce, for example. There is also Canada-Poland and there are groups from the Balkans.

These are groups of entrepreneurs who historically might not sell to the Government of Canada but would be interested, I would think, if they knew of some of the opportunities. Have you taken any outreach efforts with those groups of entrepreneurs who are not the typical chambers of commerce, necessarily, that you'd find in a small town?

•(1615)

**Ms. Shereen Benzvy Miller:** Thank you for asking.

Yes, actually, we do make a great effort to go to a lot of the smaller associations, not just the large associations like the chambers of commerce but the more specifically designated associations that are interested in having outreach information provided. We go to their meetings and we provide seminars on location for them during their regular meetings, annual meetings, or whenever we're invited.

My colleagues and I often meet, at various conferences, people related to different industries. We are invited to speak and we will go, frankly, to talk to anybody who invites us.

So please encourage all of the associations in your riding to contact us. All our offices are strong, but Toronto has a very strong office.

**Mr. Bernard Trottier:** Do you find that there are any cultural barriers, though? I mean over and above any kind of language difficulties, which is typically not a problem for these entrepreneurs. Are there certain barriers with the way the government procures, which might prevent some new Canadian entrepreneurs from actually bidding on government contracts?

**Ms. Shereen Benzvy Miller:** We've worked with various associations that are actually dedicated to transitioning new Canadians to the business world in Canada. We've worked very closely with them because we do want to make sure our seminars are also user-friendly and sensitive to cultural distinctions. We've found that's not a problem at all, and we're very adaptable and open to pretty much any group that is interested in receiving the information.

**Mr. Bernard Trottier:** And maybe stepping outside of some of the larger urban centres, with aboriginal Canadians, can you give some examples of where there have been some successes in promoting entrepreneurship on reserves in first nations communities?

**Ms. Shereen Benzvy Miller:** I just want to be very clear that we don't actually promote specific entrepreneurs; we try to basically raise awareness and share information.

We're actually in the process of putting in place specific engagement for aboriginal communities with the various associations of first nations. That's being led out of our Vancouver office in the western region, and it's been very well received by those communities. We are really being careful to ensure that we take one step at a time to ensure that everybody is consulted and that the consultations are fully leveraged before we go into communities.

Essentially, we've had very good feedback and we've been very well received. And also I think the program trying to spread awareness about the PSAB program, the set-aside for aboriginal entrepreneurs, has been very successful.

**Mr. Bernard Trottier:** Maybe there's one more question I have around the overriding public policy objectives of encouraging government contracting with small and medium enterprise. Above and beyond just the openness and transparency, is there something extra that the Government of Canada receives from dealing with small and medium enterprise in terms of the culture of working, the responsiveness of working, with a small or medium enterprise?

I know you mentioned that you don't penalize a company for being successful and growing from, say, 490 employees to 510, for example, and they no longer are classified as a medium enterprise. But is the feedback you get, whether it's through the ombudsman or through the government departments, that there's a certain responsiveness, an extra level of service that the government gets from dealing with small and medium enterprise?

**Ms. Shereen Benzvy Miller:** I would say that Canadian businesses provide really good service and a really good response to procurement, so there isn't really something that distinguishes small and medium from large. We've had very good relationships with all levels of businesses across the country. I would say that it's really about respecting the legislative and policy frameworks of procurement to ensure that we're fair, open, and transparent to all, and that we respect our trade agreement obligations and that they respect the contracting obligations. I would be hard-pressed to make a distinction; all suppliers are good for me.

**The Chair:** Mr. Trottier, that concludes your time.

That ends our first round, but building from a question Mr. Trottier asked, I was wondering if I could ask you to expand somewhat. In the previous study, witnesses told us that one of the problems they had was that some of the contracts were bundled and clustered in such a way that a small entrepreneur, a small local contractor, couldn't bid on such a large project. They asked the government to consider breaking some of these big IT contracts down so that local entrepreneurs could get a shot at them and perhaps grow their company. I was wondering if you could report on any progress in that regard.

Also, in the last study we looked at your American counterpart in some of the advocacy work they do to help small and medium enterprises get government contracts. I was wondering if there's been any exchange from your office with your American counterpart, or if you've implemented any ideas that you may have gleaned from exchanges with the U.S.

• (1620)

**Ms. Shereen Benzvy Miller:** If I may, I will answer the first part of the question—related to bundling—first. One of the things that the acquisitions branch has become very involved in this year is, as my colleague Mr. Sobrino mentioned, the procurement strategies for goods and services. Those strategies are essentially about aligning with the marketplace the way in which the Government of Canada plans its procurement of various goods and services.

For example, if you look at MERX now, there is an RFI posted concerning the future purchasing of small office equipment. The feedback we've had from the community—for instance, the printer and toner community—is that it's remarkable to have a government document that is so well aligned with the market direction, which is towards managed service, for instance. What we've found is that the more we consult with suppliers and the more we consult with the marketplace, the more we can align our strategies with that direction, and then the better served both the suppliers and the Government of Canada will be in terms of value and in terms of the ability to actually get suppliers to respond to our opportunities.

That's one of the things we've done. We've tried to align the way in which we buy with the way in which they want to sell. That's part of the response to bundling. Partly, it came out of the discussions that were had related to the GENS inquiry you did. I was one of those witnesses back then. What I would say about it is that one of the things that particular initiative taught us was that the more you consult, the better everybody understands the purpose of what we're trying to do, and the better we can align our purposes with the marketplace. We've actually had a good outcome on that as well.

With respect to your second question, which was about our exchanges with our American counterparts, it's interesting, because I had the good fortune two weeks ago to be in San Francisco with the minister at the APEC Women and the Economy conference. We had a bilateral meeting with Karen Mills, who is the administrator of the equivalent of our Office of Small and Medium Enterprises, the U.S. Small Business Administration. Our minister pointed out to her that she would like to have her budget, which is \$842 million, to which Administrator Mills responded, "That's nice—I'd like to have the state department's budget."

That having been said—that it is a bit like comparing apples and oranges—we do actually work with them, and we work with our counterparts there because there are opportunities to learn from them, for example in regard to the way in which they've developed their websites and the way they share information. The Americans have really taken open government quite seriously and have moved forward with that. That's helped us a lot to frame the way in which we do our work.

It's also helpful to have colleagues who have similar goals: to reach out to small businesses wherever they live and to give them a helping hand. Even though they have 1,000 fieldworkers and OSME has less than 20, we do our best to learn the lessons they can teach us and to work with them. We're partnering on some lessons learned around the greening of government operations and how to include small businesses in green initiatives.

**Mr. Pablo Sobrino:** Mr. Chair, if I could add to the question on the bundling and the effort to do this commodity management, as we call it, it is to break down the 14 different areas in which the government does the majority of its procurement and to understand what the industry needs to know about what we buy. This is about the day-to-day things: the photocopiers, the office furniture, the food and other services, and the professional services.

So it's about understanding what the industry is looking at or what businesses are looking at for information so they can participate in that procurement. For our client departments, the 140 federal departments and agencies we support, it's about them understanding as well what it means when you go out and procure locally. If we have this instrument that we're putting in place over the next year or year and a half, it will allow you as a buyer to just say, "Okay, I need to buy this piece of equipment", and it just goes out and you buy that piece of equipment. You don't have to go through a big procurement process. You don't end up bundling things, which is one of the big concerns; that does cut out small and medium-sized enterprises.

This is the framework we've put in place to deal with that issue. Also, it has to be something that's sustainable. It can't be a quick fix. It has to be a more permanent fix, which is what's taking us time to put in place.

• (1625)

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

Starting the second round of questioning, we have Denis Blanchette.

[*Translation*]

**Mr. Denis Blanchette (Louis-Hébert, NDP):** Good afternoon to you both, and welcome to the committee.

Last week we welcomed the Procurement Ombudsman. He emphasized an important point, which was the need small businesses have for information on the procurement process.

My first question concerns the ombudsman's report. What do you think about it and how are you going to change your information strategies so as to reduce this information and education shortfall regarding small and medium enterprises? I would be more accurate if I said "small enterprises".

**Mrs. Shereen Benzvy Miller:** What you are referring to is really very important to us. The information that organizations such as Mr. Brunetta's office gather is very important because it makes it easier for us to know what challenges we face. When he reports on the problems he heard about from his clients, this helps us to develop our services, such as our information services.

For instance, we are going to follow up on the presentation he made before this committee. Indeed, we have made appointments with some people from his office in order to make sure we have a very recent presentation. We were waiting for him to have completed this year's report. During these meetings we will ask about the information that the ombudsman's clients are lacking and see how the Office of Small and Medium Enterprises could offer those services.

**Mr. Denis Blanchette:** He also mentioned that in the bidding process, at a certain point, a significant part of the contracts do not necessarily respect Treasury Board rules.

My question concerns what people tell you, and Treasury Board supply processes. How do you interact with regard to Treasury Board procurement processes?

**Mr. Pablo Sobrino:** Treasury Board—this is the policy—is responsible for the rules governing government contracts, and we apply those rules.

We hear small and medium business managers say that the complexity of these rules makes it difficult to interpret how to access the procurement system. That is why we created the website, the seminars, etc. We wanted to show that there is room for everyone in this system. It is complicated, it is complex, the regulations are quite long, but we try to demystify the jargon—as there is a great deal of jargon in the regulations—so that businesses may understand how they can access the procurement system.

I think that is what the ombudsman presented. There is really a gap between what the rules require and the interpretation of how to use the system. With regard to the entrepreneurs there is a shortfall in the process and we try to fill that gap. Several procurement mechanisms exist, and it is a matter of choosing the approach that will work. There is on the one hand a department that makes purchases, and there are the providers of services or goods. That is the work that we do.

**Mr. Denis Blanchette:** I have another question on another topic. You referred very quickly to the concepts of open data and open government. Clearly, that involves more than creating a website. I would like you to give us some further details on how you introduced those concepts into your organization.

• (1630)

**Mrs. Shereen Benzvy Miller:** We had to look at what information the public was entitled to and how we could facilitate its access so that anyone could find their way around without having to jump through hoops or go through complex processes. It is easy to find things on the website: for instance, we created a section of the site entitled "Pre-Qualified Supplier Data", where we provide information someone would need to work with other suppliers and see who has access to contracts, who is already prequalified and who would for instance have gone through various processes in order to deal with us.

The notions of open data and open government to our mind consist rather in trying to put into our website all of the information small and medium businesses need to deal with us.

**Mr. Denis Blanchette:** It is more about transparency.

**Ms. Shereen Benzvy Miller:** Transparency, yes but—  
[*English*]

**The Chair:** You are well over time. I'm afraid I will have to interrupt you.

For the Conservative Party, we will have Mr. Peter Braid.

**Mr. Peter Braid (Kitchener—Waterloo, CPC):** Thank you, Mr. Chair.

Thank you to the witnesses for being here this afternoon.

My first question actually pertains to MERX. I presume that any small business that wishes to do business with the federal government and to understand what potential contracts there may be would need to register with MERX. Is that correct? Is that the price of admission?

**Ms. Shereen Benzvy Miller:** No. If we could back up for one second, to do business with the Government of Canada, you need a business number, so you register with the government. You do that on our website. The opportunities that are posted on the government electronic tendering system, which is currently under contract with MERX, are available for free to anybody who wants to download them. In order to download them, MERX does ask you to register so they know who they're sending them to. Sometimes people get confused that it's the price of admission, but it's free. We pay for all federal documentation to be shared for free with anybody who is interested in it.

**Mr. Peter Braid:** Okay.

Do some businesses need to register for MERX? What's the difference in terms of businesses that pay for registration and businesses that don't?

**Ms. Shereen Benzvy Miller:** MERX is a business and they offer other services that you can pay for. They also have other opportunities, not just federal opportunities, on that site—for instance, provincial and municipal opportunities as well as some private sector opportunities. There is a different formula for payment for those, and frankly, I'm not familiar enough with them to be more specific. Anything federal is open to anyone.

**Mr. Peter Braid:** Do you have any opportunity to influence how MERX is administered? If there are any suggestions for improvement, are those passed along?

**Ms. Shereen Benzvy Miller:** Absolutely.

The Office of Small and Medium Enterprises is the contract holder for that contract, and I have to say that Mediagrif, which is the company that owns MERX, has been very cooperative with any changes or ideas we've had to improve the federal opportunities available, to put up notices, and to make things flash and buzz to help draw people's attention to it. They've been really open to that, so any ideas we get that are worthy of consideration.... We have done a ton of work to improve that service to ensure it meets the needs of Canadian suppliers.

**Mr. Peter Braid:** Great.

The federal government has another website, I think it's under small business and tourism, called BizPaL. Are you familiar with BizPaL? Is there a pathway from BizPaL to buyandsell.gc.ca? Are the two websites linked?

**Ms. Shereen Benzvy Miller:** Not right now. They don't link per se right now. The focus of buyandsell.gc.ca has really been what the Government of Canada buys and how it buys it. If I want to sell, what can I sell, and how can I sell it to the Government of Canada?

In its one year of existence, buyandsell.gc.ca—

• (1635)

**Mr. Peter Braid:** Happy anniversary.

**Ms. Shereen Benzvy Miller:** Thank you. It was a very big deal for us, and we had cake.

It's no small feat to pull something like this together in a year, especially the same year you put together the Canadian innovation commercialization program. We're a small office and we're very proud of it. What we're doing is working with all those partners and with the provinces and others about future growth for the site to link to other things for suppliers so that it's more of a community.

**Mr. Peter Braid:** Those sorts of things will be considered moving forward?

**Ms. Shereen Benzvy Miller:** Absolutely.

**Mr. Peter Braid:** Excellent.

We've talked about the importance of outreach during our assessment this afternoon. The CFIB has also come up this afternoon. Does the CFIB do any outreach to their members on your behalf about your service or your office? Is that something that —

**Ms. Shereen Benzvy Miller:** That's not exactly what they do. They don't do outreach on our behalf. We work with them so they're aware of our programs, and we often consult with them about issues. For instance, they provide us with this report you recently got, but also other survey results and things they get from their members so we can be aware of the barriers. We're really interested in the barriers that SMEs face in doing business with us. They share that kind of information with us, and we meet with their head of research and Corinne Pohlmann and different members of CFIB to make sure we're up to date on their concerns.

**Mr. Peter Braid:** Okay.

My last question, and this may or may not be within your mandate, and I don't want it to scoop the meeting dedicated to the CICP, but generally, could you describe how your office helps to promote Canadian innovation, the use of Canadian technology, and Canadian entrepreneurship?

**Ms. Shereen Benzvy Miller:** Wow, that's like a preview of later this week.

**Mr. Peter Braid:** Consider it practice.

**Ms. Shereen Benzvy Miller:** It gives me a moment to pause.

The Canadian innovation commercialization program was a natural for our office. We hear many things from suppliers, some of the things you raised today, like it would be nice if the government paid on time—those kinds of things. We heard loud and clear from entrepreneurs across the country who were asking such things as why the government doesn't take an interest in innovation, why we weren't buying things that are pre-commercialized, why we weren't their first buyer. All those questions we were getting from small businesses made it clear to us that one of the mandates we needed to have, because we are in the procurement arm of government, was to think about how to leverage the power of procurement to help innovators, inventors, and creative people in Canada to see their creations become commercialized. The role of our office is to reach out to suppliers and listen to them....

I'm done? Is that what that means?

**The Chair:** Yes. Could you wrap up that thought, please?

**Ms. Shereen Benzvy Miller:** Okay. I can wrap up.

It's totally linked, and I'll make that link clearer on Thursday. How's that?

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

We're well over time in this round.

The next round is Mathieu Ravignat, I believe, or is it Alexandre? It's whichever you prefer.

**Mr. Alexandre Boulерice:** I have one question.

**The Chair:** You can share this time period, if you like.

[Translation]

**Mr. Alexandre Boulерice:** Earlier, my colleague Mr. Blanchette referred to the visit here by the Procurement Ombudsman. He indicated in his report that the Treasury Board Secretariat had set rules with regard to the awarding of procurement contracts, but that he felt that two-thirds of the contracts awarded by the various departments or organizations did not respect the parameters set by the Treasury Board Secretariat, even though they are mandatory rules. He stated that there were mandatory rules set by Treasury Board, but that the departments basically do whatever they like. That is on page 17 of his report.

**Mr. Pablo Sobrino:** Yes, the issue of competition for small and medium contracts is discussed. He conducted a study. I am not aware of the details and the data, but I could send more specific comments to the committee.

I would say that departments have far more tools for most procurement contracts under \$25,000. He raised the fact that it is worrisome to see that there is an absence of competition at that level. One of the principles of procurement is that there be competition as it is necessary to obtain better value for money. That element interests us as well. I can come back to you on that with more details.

• (1640)

**Mr. Alexandre Boulерice:** Very well, thank you.

You talked about the complicated jargon SMEs must deal with and the fact that it is sometimes difficult to know exactly on which door to knock for the contract they would like to obtain or to sell their products.

Setting aside issues of language, jargon and the complexity of the rules, according to you, what are the main obstacles SMEs face when they want to obtain procurement contracts from the federal government?

**Ms. Shereen Benzvy Miller:** In our research, we found three problems, that is the criteria problem, that of assessments and that of size. We are reviewing all steps of the system to see at what point we could change things to make life easier for small and medium businesses. The work that the Office of Small and Medium Enterprises does specifically targets those problems. We, for instance, put questions to purchasing agents, to see why during the assessment, they ask the supplier how many years of experience they have. We have to wonder about those questions in order to see why people act the way they do and whether that is necessary. We challenge our colleagues so as to help them incorporate these ideas into their work.

**Mr. Alexandre Boulерice:** I have one last question. It is really a question on a silver platter. Can you give us some concrete examples of obstacles you have managed to eliminate over the last five years, obstacles SMEs used to encounter in seeking contracts? Can you tell us about your successes?

**Mr. Pablo Sobrino:** For instance, we decided to eliminate jargon. That jargon was brought in by procurement experts. I had to learn it myself since I recently joined the department. We try to see through all of that to come up with simple and precise language. That is one of the objectives of the website. That would be the first point.

The second point concerns how to get ready for smaller contracts, that is to say those under \$25,000. That is the work of the audit and management boards. This procurement strategy aims to simplify criteria so that everyone knows what the objectives are and how the assessment will be made, in a simple and clear way.

Those are the two objectives for the smaller purchases. That is how to improve the system. Those are two examples and we could provide other ones. That is how we intend to make improvements.

[English]

**The Chair:** Kelly Block with the Conservatives, go ahead, please.

**Mrs. Kelly Block (Saskatoon—Rosetown—Biggar, CPC):** Thank you very much, Mr. Chair.

Welcome to our witnesses today. Don't mind my voice. I'm suffering from a fairly bad cold.

I want to follow up on a comment that one of my colleagues made earlier in terms of assistance translating into more contracts. I think that's the measurement he was identifying, whether or not you can measure how the assistance you give translates into more contracts.

My question is more specifically to perhaps the relationship you have with the procurement ombudsman. I'm wondering about something. Last week, we heard from Frank Brunetta here at committee, and he gave us some insight on how he deals with inquiries and complaints mainly from SMEs. My question, which may go back to my colleague's observation, is, do you find that SMEs contact your office to get clarification or to seek some assistance in the process of perhaps even wanting to follow up on a complaint with the ombudsman?

**Ms. Shereen Benzvy Miller:** Yes, actually they do. We now have a guide to complaining, which we've published for piloting purposes. We're just testing it now with the user community. One of the big things people want to know is who they can speak to if things are not going their way. So we've created this guide, and we're working with the office of the procurement ombudsman to make sure it meets all the needs of the people who have come to them as well.

We already have the guide on how to do business with the Government of Canada. We thought as a companion piece we would have the guide to complaint systems, because that is important. A lot of them are time-sensitive. To go to the CITT, you need to know what your window is. That's business intelligence information that suppliers really need. We're very attuned to that, and I think it's a really important feature of our service.

• (1645)

**Mrs. Kelly Block:** Are you doing this together with the procurement ombudsman? Do you have any kind of a relationship with his office at all?

**Ms. Shereen Benzvy Miller:** No, we're at arm's length from the OPO. They're at arm's length from acquisitions branch. But we use them, as we would any tester community or people we would consult with, to say, "Do you think this is good?" or "What feedback do you have?" So, for example, they will be one of the groups that we give the guide to and ask if they have any feedback, but it's not done collaboratively or anything. They're an arm's-length organization.

**Mrs. Kelly Block:** My last question would be in follow-up to our chair's comments on bundling. I'm wondering, in the case that a government contract goes to a large company, how much of the actual contract work if any might be redistributed to SMEs. Do you have any idea on that?

**Mr. Pablo Sobrino:** Every contract has specific measures. There's no structured way of doing that. So contracts are negotiated, and we occasionally, working with Industry Canada, come up with industrial regional benefits. Those kinds of things affect how contracts are distributed and how they're managed. However, every contract is different, so I couldn't specifically address that question.

**Mrs. Kelly Block:** Do I have any more time?

**The Chair:** You still have one and a half minutes, Kelly, if you'd like.

**Mrs. Kelly Block:** You've talked about the need to identify barriers for SMEs, the things that keep them from being able to procure contracts with the government. You've also talked about raising awareness and a number of the activities you do to do that. You mentioned that you have a small office. You have six regional offices. Do you have an awareness campaign or an education plan to educate the public and SMEs about the work your office does?

**Ms. Shereen Benzvy Miller:** We actually have two. We have one just for how to do business with the government and then we have the one that's specifically dedicated to the Canadian innovation commercialization program, because that's targeting innovators in the R and D space, so that's slightly different. We do, and that's why we have a suite of seminars, because we want to be able to help novice or rookie suppliers who don't really know anything about doing business with the Government of Canada.

We also want to provide service that's useful to companies that actually have done business with the government before but may want to do it differently or do something else or branch out into another area. We do actually offer a suite of seminars and services. We answer questions on 1-800 lines across the country to make sure that we are actually targeting their needs.

**Mrs. Kelly Block:** Thank you.

**The Chair:** That concludes your time, Ms. Block. Thank you.

While we are waiting for our Liberal colleague, who was called away briefly, I have one question, if you don't mind, stemming from Kelly's questions.

• (1650)

**Mr. Mike Wallace (Burlington, CPC):** Is this an NDP time slot?

**The Chair:** No, it's part of the Liberal time slot, so it's not yours, Mike, if that's a concern.

**Mr. Mike Wallace:** So there is a coalition, after all.

**The Chair:** I just want to know about the elephant in the room that nobody is mentioning. When you talk about government procurement, there is the Buy American policy and the absence of any Buy Canadian policy.

The government is the largest single purchaser of some services, the construction industry, for instance. Would debundling enable more Canadian local contractors to avail themselves of government contracts without creating any kind of trade problems? Are there not ways to promote Buy Canadian simply by how we structure contracts without starting a trade war by declaration of Buy Canadian?

Is that something, on behalf of small and medium-sized enterprises, that you've dealt with and perhaps recommended to the purchasers of services?

**Mr. Pablo Sobrino:** First of all, and I think you're inferring it in your question, in Canada, we have a legal framework that respects all of our trade agreements, and we operate in that sense.

The other piece I would have to say is that we already source domestically. Over the average of five years, \$14.3 billion of procurement has been run through Public Works and Government Services. Of that, \$12 billion is already going through Canadian domestic procurements. So it is a large proportion already.

With regard to trade agreement provisions, certainly once you've reached the trade limit, it is open under NAFTA. It's open under the free trade agreement with Columbia. It is open to the various free trade groups we have in place.

I would have to say that the method we approach procurement with has a significant impact domestically in Canada. It is through low-dollar-value procurements and through specific procurements that are targeted for the Canadian market under various exemptions. That, to me, is an example.

I can't comment on the policy objectives, of course, but certainly with the structure we have, the net effect is that just under \$12 billion of our purchasing is sourced domestically in Canada.

**The Chair:** Is there anything in trade agreements, present or planned, that would guarantee access for American firms bidding on Canadian contracts?

**Mr. Pablo Sobrino:** I can't comment specifically on that. It is not my area of expertise.

**The Chair:** Mr. McCallum is here.

You have a couple of minutes left in your time slot, John. I used up half of it. I asked some really smart questions on your behalf.

**Hon. John McCallum:** I am okay.

**Mr. Mike Wallace:** The chairman was filibustering for you.

**The Chair:** Actually, Mike, did you want to take a round before we conclude? This will end this round.

**Mr. Mike Wallace:** I have a couple of general procurement questions, if you could answer them for me, Mr. Sobrino.

Do you have any idea, as a department, what the actual cost to the taxpayer is to have projects tendered? The reason I am asking is that we have had contracts up to \$25,000 not being tendered. I think everyone assumed that was at the top level, that everything was at \$25,000, which obviously is not the case.

There are lots of smaller things you would not tender for because I'm assuming there is a cost to doing a tender. During my days in municipal politics...I know that by the time you advertise, promote what you're doing—you have to qualify the bidders—it takes time and effort. It is good public policy, but at some point it's not that cost-effective.

Do you have any idea what it costs to actually do a tendered program?

**Mr. Pablo Sobrino:** I can't comment directly, but I can say that we take into account two things when these policies are being developed—the cost to the taxpayer of carrying out the transaction and the cost to the supplier as well. If a supplier has to spend \$10,000 to prepare procurement documents for a competitive tendered process, it isn't worth the investment the supplier has to make in order to engage there.

In terms of the low of \$25,000, it is true that you can go directly to what would be called “sole source”, but we encourage and promote the use of standing offers. We go through a large procurement process to put in place standing offers so that we get best price and availability for a particular area. This is what the commodity management strategy essentially is about. It's about developing the right framework for that. Once we've negotiated that, then a government department can access those low-dollar-value things off a standing offer list.

So that would be one mechanism. The other mechanism is that even though we don't go to a full tendered process, client departments are expected to get the best price. You would get quotes from three different sources and pick the best price for those things. Those would be even for a credit card purchase, because we want to minimize the transaction costs on the departmental side as well as the supplier side.

**Mr. Mike Wallace:** Thank you.

My colleague Mr. Armstrong may have some questions in my time slot, if he wants, Mr. Chair.

• (1655)

**The Chair:** We have him on for a slot later, if that would be agreeable.

**Mr. Mike Wallace:** Oh, you have him on later?

I'm done, then, Mr. Chair.

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

There are two speakers who would like to ask questions. Then we'd like to wrap up at about ten minutes after, because we have to go in camera to discuss future business.

Mathieu Ravignat, five minutes, and then Scott Armstrong.

**Mr. Mathieu Ravignat:** My questions will be brief.

First of all, thank you for your important work. I think it's really essential work. Second, congratulations on the first-year anniversary of the website.

I'm going to build on some of the questions of the chair and make it brief, since he did cover it quite well.

As you may know, Canada is going forward with quite an aggressive international trade thrust, with up to 50 new trade deals maybe. My concern is about the Canadian competitive advantage in this situation.

You're on the front lines in this regard when it comes to procurement, so if we can imagine all of these trade deals, the pressure on you in order to ensure that Canadian companies get at least a good fair share of that pie will be much higher. Do you feel you have the tools right now to function in that kind of highly competitive environment that's coming soon?

**Ms. Shereen Benzvy Miller:** I can't actually comment on the trade policies and all that. What I can say is that the Office of Small and Medium Enterprises does enjoy really good relationships with other departments, such as the Department of Foreign Affairs, and our counterparts in the United States, such as the GSA and the U.S. SBA. Between the work we do with our client departments and the work we do engaging suppliers, we find that we get a lot of the needs defined for business intelligence that businesses need.

As we educate and help to essentially allow small businesses the tools they need for understanding government procurement, we hope that the lessons they learn with us they will be able to apply in their businesses elsewhere. But we really focus on the Canadian federal government community.



**Mr. Mathieu Ravignat:** Just as a follow-up question, I would assume you're aware of the strategies in place in other countries to get access to certain contracts and procurements. Do you actively monitor those efforts? Do you inform the public, as well as perhaps the minister, of those strategies? If so, how many resources do you allocate to that kind of monitoring?

**Mr. Pablo Sobrino:** Just to be clear, I really can't comment on trade agreements. However, I can say that we do monitor procurement internationally. In fact, we participate in a trilateral chief procurement officers meeting. The U.K., the U.S., and Canada meet annually to discuss the issues we face. We do that kind of work.

We certainly support our colleagues at Foreign Affairs and International Trade in terms of impacts on the system that we see may happen, but again, I really can't comment on where we are in terms of positioning. We do monitor what's going on, because we know it has an impact on the procurement system.

**Mr. Mathieu Ravignat:** Thank you.

**The Chair:** Is that enough, Mathieu?

Scott, if you'd like, a five-minute round.

**Mr. Scott Armstrong (Cumberland—Colchester—Musquodoboit Valley, CPC):** Thank you.

Thanks for your presentation. I found the whole time very riveting.

The information I have is that 43% of total contracts awarded by Public Works were to SMEs. That sounds pretty good, but when you look at it over time, there's quite a fluctuation. In 2004-05 it was 34%, and in 2007-08 it was 49%, for a 15% fluctuation. I'm concerned, because small businesses can't depend on the same amount or the same percentage every year.

What causes this fluctuation?

**Ms. Shereen Benzvy Miller:** If I could just specify, that's contract volume by value, but the fact is if you look at the overall amount of money that is awarded to small and medium-sized enterprises, it has been increasing. Really, at the end of the day, my experience with small and medium-sized enterprises is that their concern is the size of the pie in terms of value. The number of contracts is of less interest to them as a performance measure. That is just the feedback I've received.

But we do monitor that, because sometimes the percentage that small business gets is affected by things like Afghanistan. If you are engaging in a lot of large military procurements, then obviously the percentage by volume or the number of contracts that go to small businesses may decrease.

It's not a number that worries me; it's a number I watch closely to try to understand what's happening to ensure we are cognizant of the various things that procurement may or may not be doing to help SMEs.

So yes, I think it's a good number to keep track of, to keep an eye on and keep asking questions about, but really it's the dollar value they're going to care about in the end.

• (1700)

**Mr. Scott Armstrong:** When large Canadian companies do get contracts, they very often have to subcontract. Have you any idea what percentage of total contracts issued by the Government of Canada that SMEs eventually get? If they're getting 43% of the contracts, that may actually be over 50% of the value, based on getting subcontracts from larger—

**Ms. Shereen Benzvy Miller:** Or over 70%.

The answer is no, I do not have specific figures, and that's partly because we have no lens into the third-party agreements. Those are commercially confidential figures. We have no way to know how much businesses contract out or what their supply chains look like. We don't have figures on that. But from our discussions with businesses, with all kinds of suppliers, I think there is a very healthy proportion that is obviously necessary as a result of supply chain needs.

We don't have a figure to give you.

**Mr. Pablo Sobrino:** I might add, though, that because we are trying to increase the amount of data that's available out there, what a small business will be able to see, especially regionally, is that a company has an arrangement in place, and getting the business may be about accessing that company and becoming part of the supply chain for that company, as opposed to coming directly to the Government of Canada. By making that information more available and transparent, people are able to make those kinds of decisions and arrangements, which are outside the scope of what we do.

Certainly the information is there—business intelligence, I guess you'd call it—so businesses can make those kinds of arrangements and be knowledgeable about how they can access those businesses.

**Ms. Shereen Benzvy Miller:** It's on [buyandsell.gc.ca](http://buyandsell.gc.ca)—contract history.

**Mr. Scott Armstrong:** So it's transparent.

I have just one question about transparency. I realize that to do all this work and collect the data you probably have to work pretty closely with the government departments, because they must be able to give you this information. Have you had trouble getting information from some departments compared with others, or is everybody pretty open to this?

**Ms. Shereen Benzvy Miller:** We have had no trouble. We conveniently, within the acquisitions branch in the client engagement sector, have a program called the spend analysis program, so we actually get all of the spend data from all of the departments. We are able, then, to look at and drill down quite specifically into what's been spent on what contract, in what area, in what marketplace, in what industries, and with which companies. So we have a lot of information, and departments have been very cooperative.

So far we get information from about 85% of the spend, a big chunk of the departments. We don't have some of the smaller departments signed up yet in that program, but we're able to extrapolate to full government data on that.

**Mr. Scott Armstrong:** Thank you.

**The Chair:** That does wrap up our time, Scott.

I see no further questioners, so I'm just going to thank our witnesses for joining us from the Department of Public Works and

Government Services, Mr. Sobrino and Ms. Benzvy Miller. It was very useful. We'll see you again on Thursday, I believe.

If I could ask committee members to stay put for a moment, I'm going to suspend the meeting and we'll go in camera to deal with an item of future business. We'll clear the room of guests because of the in camera status, please.

*[Proceedings continue in camera]*

---







**MAIL  POSTE**

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

**Lettermail**

**Poste-lettre**

**1782711  
Ottawa**

*If undelivered, return COVER ONLY to:*  
Publishing and Depository Services  
Public Works and Government Services Canada  
Ottawa, Ontario K1A 0S5

*En cas de non-livraison,  
retourner cette COUVERTURE SEULEMENT à :*  
Les Éditions et Services de dépôt  
Travaux publics et Services gouvernementaux Canada  
Ottawa (Ontario) K1A 0S5

Published under the authority of the Speaker of  
the House of Commons

### **SPEAKER'S PERMISSION**

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Additional copies may be obtained from: Publishing and  
Depository Services  
Public Works and Government Services Canada  
Ottawa, Ontario K1A 0S5  
Telephone: 613-941-5995 or 1-800-635-7943  
Fax: 613-954-5779 or 1-800-565-7757  
publications@tpsgc-pwgsc.gc.ca  
http://publications.gc.ca

Also available on the Parliament of Canada Web Site at the  
following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité  
du Président de la Chambre des communes

### **PERMISSION DU PRÉSIDENT**

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

On peut obtenir des copies supplémentaires en écrivant à : Les  
Éditions et Services de dépôt  
Travaux publics et Services gouvernementaux Canada  
Ottawa (Ontario) K1A 0S5  
Téléphone : 613-941-5995 ou 1-800-635-7943  
Télécopieur : 613-954-5779 ou 1-800-565-7757  
publications@tpsgc-pwgsc.gc.ca  
http://publications.gc.ca

Aussi disponible sur le site Web du Parlement du Canada à  
l'adresse suivante : <http://www.parl.gc.ca>