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Standing Committee on Government Operations and Estimates

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• (1205)

[English]

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

Welcome to meeting number 146 of the House of Commons Standing Committee on Government Operations and Estimates.

As a reminder for everyone in the room today, keep your headsets away from your microphones so we can protect the hearing of our very valued interpreters.

We welcome Ms. Paquette and Mr. Lawrence-Whyte from PSPC. One of you has an opening statement for five minutes.

Go ahead, Ms. Paquette.

Ms. Joëlle Paquette (Acting Associate Assistant Deputy Minister, Procurement, Department of Public Works and Government Services): Thank you, Mr. Chair and members of the committee.

Before I begin, I would like to acknowledge that we are gathered today on the traditional, unceded territory of the Algonquin Anishinabe nation.

My name is Joëlle Paquette, and I am the acting associate assistant deputy minister of the procurement branch. Joining me today is Clinton Lawrence-Whyte, the director general of Procurement Assistance Canada, which offers direct support to businesses on how to participate in federal procurement.

[Translation]

The Government of Canada is committed to economic reconciliation with indigenous peoples, and, as part of this commitment, will continue to promote increased opportunities for first nations, Inuit, and Métis participation and inclusion through the federal procurement process.

[English]

I would like to thank the committee for inviting us today to speak to Public Services and Procurement Canada's efforts to deliver on its indigenous procurement commitment to award a minimum of 5% of the total value of PSPC contracts to indigenous businesses by the end of fiscal year 2024-25. I want to highlight that this is a government target toward which the Treasury Board Secretariat, or the TBS, and Indigenous Services Canada, or ISC, play essential and distinct roles. It is essential for PSPC to follow the rules set by both organizations in its effort to meet the 5% target.

The TBS is responsible for setting Government of Canada policies. On this file, it has provided clear direction that what counts toward the 5% are contracts with firms that are included in the indigenous business directory.

[Translation]

Indigenous Services Canada is responsible for implementing and advising on the Procurement Strategy for Indigenous Business program, including verifying the eligibility of businesses receiving contracts under the strategy—

[English]

Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP): Mr. Chair, I have a point of order.

The Chair: I'm sorry, Ms. Paquette.

Mr. Bachrach, go ahead, please.

Mr. Taylor Bachrach: I'm sorry for interrupting. I'm having some difficulty with interpretation. I don't know if anyone else joining remotely is having a similar difficulty. I see Mrs. Block nodding.

The Chair: It's clearer in person, but you're right. Mrs. Block is nodding.

Mrs. Atwin and Mr. Rogers, how are you with interpretation?

We'll pause for a couple of seconds and check it out. Give me one moment, please.

• (1205)

(Pause)

• (1210)

The Chair: We are back. I apologize for the delay.

Ms. Paquette, you're welcome to start at the beginning or continue.

Ms. Joëlle Paquette: I will continue, but I'll start at the last paragraph if that works.

[Translation]

Indigenous Services Canada is responsible for implementing and advising on the Procurement Strategy for Indigenous Business program, including verifying the eligibility of businesses receiving contracts under the strategy and maintaining the Indigenous Business Directory.

[English]

As the lead, ISC is responsible for the PSIB's eligibility criteria, including verifying, certifying and auditing indigenous businesses listed on the IBD, thus ensuring only firms that are entitled to these contracts receive them. ISC continues to actively work with indigenous partners to co-develop a new transformative indigenous procurement strategy that will improve procurement policies, safeguards and processes for indigenous businesses.

[Translation]

As per the Treasury Board Directive on the Management of Procurement, Public Services and Procurement Canada is responsible for developing operational tools to support procurement undertaken on behalf of other government departments, such as guidance, templates and standard contract clauses. This responsibility includes developing tools to—

• (1215)

[English]

Mr. Taylor Bachrach: Mr. Chair, I'm sorry, but I have to stop her there.

It's not working for those of us joining remotely. The sound quality is quite terrible.

The Chair: Thanks, Mr. Bachrach.

Mrs. Block, how is it for you? Has it gotten bad again?

Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC): Yes. It sounds like the French and English are competing with one another. We're hearing both. One is a little softer than the other, but it's also getting louder and softer.

The Chair: I'm getting nods all around. It's the same with Mrs. Vignola.

We'll suspend again for a few moments and see if we can fix this. Thanks.

• (1215)

(Pause)

• (1225)

The Chair: Colleagues, I apologize for the delay. We think we have the IT stuff straightened out. We're going to blame it on Zoom, apparently—on the update.

Ms. Paquette, we'll go back to you. Please go ahead.

Ms. Joëlle Paquette: Thank you, Mr. Chair.

[Translation]

As per the Treasury Board Directive on the Management of Procurement, Public Services and Procurement Canada is responsible for developing operational tools to support procurement undertaken on behalf of other government departments, such as guidance, templates and standard contract clauses. This responsibility includes developing tools to assist the Government of Canada in its effort to increase participation of indigenous businesses in federal procurement.

• (1230)

[English]

In fiscal year 2022-23, PSPC awarded 2.7%, or \$139 million, of the total value of its procurements to indigenous businesses. In fiscal year 2023-24, PSPC awarded 3.4%, or \$143 million, of the total value of its procurements to indigenous businesses.

As PSPC has not met its objective, various ongoing and planned activities are under way to progress and sustain the 5% target. The department has undertaken extensive engagement initiatives with indigenous partners to highlight indigenous procurement opportunities and to outline the support available through Procurement Assistance Canada.

[Translation]

During the 2023-24 fiscal year, Public Services and Procurement Canada hosted or took part in over 524 events tailored towards enabling indigenous-owned and indigenous-led businesses to participate in federal procurement. We participated in four indigenous business information sessions that brought together indigenous businesses, communities and associations to increase indigenous participation in federal procurement and highlight indigenous procurement opportunities and support available through Government of Canada programs and services.

[English]

PAC's outreach and engagement efforts continue to support indigenous businesses and communities by helping them understand federal procurement and the opportunities available. PAC also participates in various remote community events, helping spread awareness and support to indigenous communities throughout Canada with the goal of supporting economic development. PAC assists indigenous communities with navigating the procurement process and sharing tools available to indigenous groups. PAC has also partnered with the Nunavut Economic Developers Association for a mentorship program. This program is focused on Inuit business owners interested in federal procurement.

[Translation]

These concrete outreach efforts will enable Public Services and Procurement Canada to drive economic reconciliation, create jobs in indigenous communities, develop the expertise and skill sets needed for their success, and foster the next generation of indigenous entrepreneurs from coast to coast to coast.

[English]

Mr. Taylor Bachrach: Mr. Chair, on a point of order, I don't think we can proceed with this meeting given the sound challenges. It's completely untenable. For those of us doing this remotely, which is most of us, I can't see how we'll possibly get through it with any semblance of participation, so I want to register my frustration.

The Chair: I appreciate that, Mr. Bachrach. Yes, I'm going to—

Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC): Mr. Chair, on that point of order, I can hear totally fine. I don't know if the challenges are different or the perceptions are different, but—

The Chair: We are going to suspend again and check it again.

I'm sorry, everyone. Just bear with us. We'll suspend.

• (1230) _____ (Pause) _____

• (1240)

The Chair: We are back again. We think we have it all settled with IT, so we're going back to Ms. Paquette.

Go ahead, please.

Ms. Joëlle Paquette: Actually, I was done with my opening remarks. Thank you.

The Chair: Those were the longest five-minute opening remarks—40 minutes long. Thanks for your patience with us.

We'll start with Mr. Genuis for six minutes, please.

Mr. Garnett Genuis: Go to Mr. Brock first and then to me.

The Chair: Mr. Brock, go ahead.

Mr. Larry Brock (Brantford—Brant, CPC): Here we go again: another day, another NDP-Liberal financial scandal. This time, it's about the contracting supply chain.

What is the total value of misappropriated funds in the indigenous procurement system?

Ms. Joëlle Paquette: I do not have that information, and you would have to refer to Indigenous Services Canada. We are working on the 5% related to PSPC's targets.

Mr. Larry Brock: The Assembly of First Nations testified that there are a number of shell companies securing government contracts in the indigenous procurement program. How many shell companies has the government detected and identified?

Ms. Joëlle Paquette: Again, I think you would have to direct that question to Indigenous Services Canada, which is responsible for the IBD.

Mr. Larry Brock: To your knowledge, is ISC actually looking into the number of shell companies?

Ms. Joëlle Paquette: I am not familiar with their activities. I'm sorry.

Mr. Larry Brock: To your knowledge, has ISC or anyone at PSPC made any referrals to the RCMP?

Ms. Joëlle Paquette: I am not aware of any.

Mr. Larry Brock: How many cases has PSPC identified in which a company hired an indigenous person simply to gain access to federal contracts through the indigenous procurement program?

Ms. Joëlle Paquette: Again, that program is held by Indigenous Services Canada. They would be the ones identifying those, not PSPC.

Mr. Larry Brock: Chair, I'm ceding the rest of my time to Mr. Genuis.

The Chair: Mr. Genuis, go ahead.

Mr. Garnett Genuis: Thank you, Chair.

The AFN has said, as my colleague mentioned, that most of the companies receiving indigenous set-asides are actually shell companies. That's according to the AFN. Do you agree with their findings?

Ms. Joëlle Paquette: I would not be able to provide that information, or will—

• (1245)

Mr. Garnett Genuis: I'm sorry to jump in. You're from the procurement department, though. You're responsible for overseeing government procurement. This is a very serious allegation from one of the leading indigenous organizations in the country. Do you have an opinion on it at all?

Ms. Joëlle Paquette: I do not have an opinion, and I would suggest that you refer that question to Indigenous Services Canada.

Mr. Garnett Genuis: That's very striking. Most of the companies are shell companies, according to this program. You're responsible for procurement and you don't have an opinion either way.

The government uses its own deeply flawed indigenous business list rather than relying on criteria and lists developed by indigenous organizations. Why is that?

Ms. Joëlle Paquette: That is the rule we are bound by, and the rules are set by Indigenous Services Canada and the Treasury Board of Canada Secretariat.

Mr. Garnett Genuis: Why is it that you develop your own list instead of working with indigenous organizations and relying on lists they develop? Is there a policy rationale that you're aware of?

Ms. Joëlle Paquette: I am not aware of that. That is a responsibility of Indigenous Services Canada. We are bound by those rules, and we are working on how we can increase indigenous—

Mr. Garnett Genuis: Can I just clarify that? Do they make all the rules and you make none of the rules with respect to how you define what is an indigenous company or what is or is not a shell company? You don't have any role whatsoever. Is that what you're saying?

Ms. Joëlle Paquette: No, we do not. It is Indigenous Services Canada's responsibility to develop those definitions.

Mr. Garnett Genuis: How come you're responsible for procurement for everything except indigenous procurement?

Ms. Joëlle Paquette: We are responsible for procuring and trying to increase indigenous participation in procurement, but the rules related to the IBD are not ours and the rules for the PSIB are not ours.

Mr. Garnett Genuis: Is fraud prevention, in a general sense, part of your role?

Ms. Joëlle Paquette: No, not in the Indigenous Services Canada IBD. They are the ones doing the audits and the validation of those companies.

Mr. Garnett Genuis: That's just bizarre to me. You are the procurement department. Presumably you're supposed to have some expertise in this area, yet you're taking none of the responsibility in the case of indigenous procurement.

The way to prevent shell companies from giving all of the work to non-indigenous companies is to have subcontracting requirements. That's why the rules require that a certain proportion of subcontracts in the indigenous set-asides go to indigenous companies.

Are these subcontracting rules enforced?

Ms. Joëlle Paquette: There are various ways for us to increase indigenous participation in our contracts. One of them is for the prime contractor—

Mr. Garnett Genuis: I'm sorry, but I have very limited time. Can you answer the specific question? The one-third subcontract rule, is it enforced?

Ms. Joëlle Paquette: In what context do you want that? If there is an indigenous requirement—

Mr. Garnett Genuis: Ma'am, it's very simple. When an indigenous company receives a contract under a set-aside, they are required to have one-third of their subcontractors be indigenous companies. It appears that there is no tracking of this.

It's a very simple question: Is the one-third subcontract rule enforced, yes or no?

Ms. Joëlle Paquette: That would be enforced by Indigenous Services Canada.

Mr. Garnett Genuis: Is it being enforced right now or you don't know?

Ms. Joëlle Paquette: They would be the ones able to answer that question.

Mr. Garnett Genuis: Ma'am, either it's being enforced or it isn't being enforced, or you don't know whether it's being enforced. That's my question. Which is it? Do you not know?

Ms. Joëlle Paquette: You have to refer to Indigenous Services Canada to obtain a response to that question.

Mr. Garnett Genuis: Mr. Chair, I believe that's my time, but can you put the question to the witness and insist that she provide a response? If she doesn't know, she doesn't know, but she should tell us she doesn't know. Is the requirement being enforced? I have asked the question four or five times now and the witness has an obligation to answer it.

The Chair: Go ahead, Ms. Paquette.

Ms. Joëlle Paquette: It is the responsibility of Indigenous Services Canada to enforce that, and they're doing the audits and validation of this happening. That's what I know. I don't know whether they are doing it, but it's their responsibility and therefore they're doing it.

Mr. Garnett Genuis: Okay, so she doesn't know whether it's being enforced.

The Chair: Maybe I can ask this for Mr. Genuis: Does PSPC not have an oversight responsibility for that considering it's purchasing? I'm trying to continue—

Ms. Joëlle Paquette: We're not the ones responsible for validating or auditing the IBD list.

The Chair: Do you mean the list or purchases?

Ms. Joëlle Paquette: I mean the directory. We're responsible for procuring. We're not responsible for the directory, but we need to validate through the directory—

• (1250)

The Chair: I apologize. I just want to make sure we're getting the right question to you.

We'll move to Mrs. Atwin now.

Mr. Garnett Genuis: I'm sorry, Chair, on a point of order, we're somewhat getting—

The Chair: I'm sorry, Mrs. Atwin. Just give me one second.

Did that not answer the question put forward, Mr. Genuis?

Mr. Garnett Genuis: I understand they don't maintain the list, but it's a question of whether the rule around subcontracting is enforced. That is a responsibility that should follow the procurement department, and the witness is saying she doesn't know, which is bizarre—

The Chair: The question is, are the contracting rules, not the list, being followed for subcontracting?

Ms. Joëlle Paquette: Indigenous Services Canada is responsible for the PSIB. They are responsible for the definition, so the companies they have in their directory will follow it. The subcontractor—the 33%—is still in their purview to investigate.

The Chair: Whether they are following the rules or not, Indigenous Services and PSPC would not be aware.

Ms. Joëlle Paquette: That's correct.

The Chair: Thanks.

Mrs. Atwin, I'm sorry for the delay. Please go ahead.

Mrs. Jenica Atwin (Fredericton, Lib.): Thank you very much, Mr. Chair. I'm not sure whether that was a point of order, but I'll move on.

I want to clarify that Indigenous Services Canada does not verify any subcontracting; it's up to the contracting departments.

Perhaps this is for the director general. My first question is, what is Procurement Assistance Canada's mandate?

Mr. Clinton Lawrence-Whyte (Director General, Procurement Assistance Canada, Department of Public Works and Government Services): Procurement Assistance Canada has the mandate to work with businesses to help them better understand how to navigate federal procurement. We have an increased focus on working with indigenous businesses to enhance and drive forward economic reconciliation. Essentially, we have a network of regional offices across the country that are able to work directly on the ground with businesses and partners to help us get the message out and to identify businesses that need assistance. Through various webinars and events, we try to provide them with the contacts and information they need to navigate and potentially have success in federal procurement.

Mrs. Jenica Atwin: Through that work, can you speak to any of the specific barriers to participation in federal procurement?

Mr. Clinton Lawrence-Whyte: Yes. The Government of Canada is working to ensure that federal procurement continues to remain fair, open and transparent. We listen to the business community about some of the challenges they face. We are mindful of the ways we can simplify procurement. That is something we're aware of, and in that context we have been taking steps to make procurement more simple.

One of the key things we've been focusing on to ensure the information that businesses need is available is the recent move to launch CanadaBuys, which is a platform that enables us to provide procurement opportunities. We know that the availability of information is critically important, and through CanadaBuys, we have a portal that is able to meet the needs of business.

Generally, businesses, particularly small businesses, will sometimes have challenges with financing and other things, but we know that if we put out information related to federal procurement and how it works, we can help provide them with opportunities to ultimately be successful.

Mrs. Jenica Atwin: That's great. Thank you.

Ms. Paquette, in May 2022, Indigenous Services Canada introduced a requirement for businesses to certify that they qualify as indigenous businesses in order to register for the indigenous business directory. Was PSPC consulted on this, and can you explain these requirements?

Ms. Joëlle Paquette: I do not know if we were consulted. We may have been, but I do not have that answer. I'm sorry.

Mrs. Jenica Atwin: Do you know roughly how many businesses there are in the indigenous business directory compared to how many total indigenous businesses there are in Canada?

Ms. Joëlle Paquette: I do not know.

Do you know, Clinton?

Mr. Clinton Lawrence-Whyte: My understanding is there are about 2,900 businesses in the IBD. Based on recent research, there are upwards of 60,000 indigenous businesses across the country. That's the information we have to work with at this moment.

• (1255)

Mrs. Jenica Atwin: Do you think this massive discrepancy prohibits departments from reaching the 5% target?

Ms. Joëlle Paquette: That's why we're trying to engage indigenous communities. It's to try to get them to register for the IBD and register for CanadaBuys so they can increase their participation in our procurement activities.

Mrs. Jenica Atwin: As the administrator of the indigenous business directory, what do you feel Indigenous Services Canada has to do to increase the registration of businesses and help all departments reach the 5% target?

Ms. Joëlle Paquette: They have started some engagement with various indigenous communities to determine how they can increase the number of suppliers on the IBD, how they can validate it differently or how it can be managed differently. However, they are the ones managing it and we're not necessarily involved in those discussions.

Mr. Clinton Lawrence-Whyte: I would also like to note that through Procurement Assistance Canada, we run quite a number of events across the country to raise awareness of the various lists available that indigenous businesses should be mindful of. We focus on encouraging indigenous businesses to register for CanadaBuys to enable them to ultimately do business with the Government of Canada.

We do different kinds of events, including what we call small business information expos. That's where we bring the broader federal family together in one location and invite different businesses. We focus on the indigenous business community on occasion, and that gives them an opportunity to find out which programs are available. We often invite our counterparts from Indigenous Services Canada so they're able to speak directly with indigenous businesses and explain what is needed. We also do buyers' expos, where we provide opportunities for businesses to talk to buyers so they can answer some of their questions.

We're doing pretty significant outreach, and when there are opportunities for an indigenous business to get to the point that they enter into a contract, we want to make sure they're made aware of the importance of being part of the IBD. That's to ensure the Government of Canada is moving toward the 5% target.

Mrs. Jenica Atwin: Just to be clear, does PSPC play any role in the initial verification of a business's ability to meet the eligibility requirements to be listed in the indigenous business directory and a business's ongoing eligibility?

Ms. Joëlle Paquette: No, we do not.

Mrs. Jenica Atwin: With my remaining time, I encourage all committee members and members of Parliament to do a search through the Library of Parliament to find indigenous businesses in your ridings and how you can support them.

Thank you very much for being with us today.

The Chair: Thanks, Mrs. Atwin.

We'll go to Mrs. Vignola, please, for six minutes.

[*Translation*]

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

Ms. Paquette, thank you for being here.

Efforts are currently under way to transfer control of the Indigenous Business Directory to indigenous organizations. Can you tell us where that transfer or the discussion about it stands?

Ms. Joëlle Paquette: As Indigenous Services Canada is responsible for those discussions, I'm not in a position to tell you where that stands at the moment.

Mrs. Julie Vignola: Thank you.

Here in committee, business representatives have often told us that the contracting process is cumbersome and complicated. Yesterday, a PLATO representative said that the certification process took two and a half years.

Why does the certification process take so long? Is it normal for it to be two and a half years? If so, that would be enough to discourage anyone from doing business with the federal government.

Ms. Joëlle Paquette: Thank you for the question.

We're not involved in the validation process, so I don't know how long it lasted or what kind of information was exchanged between the company and the Government of Canada.

• (1300)

Mrs. Julie Vignola: I'm talking about the certification process in general. What is the normal time frame for the certification process, generally speaking? Is two and a half years a normal time frame?

Ms. Joëlle Paquette: I don't have that information.

Do you know, Mr. Lawrence-Whyte?

Mr. Clinton Lawrence-Whyte: Thank you, Ms. Paquette.

Unfortunately, Ms. Vignola, I can't comment on why it takes so long. One of our mandates is to work with companies to help them better understand procurement requirements.

Mrs. Julie Vignola: Okay, thank you.

Who is responsible for determining how companies can be certified to do business with the Government of Canada?

Ms. Joëlle Paquette: For indigenous businesses, it's Indigenous Services Canada.

Any company can do business with the Government of Canada and register on the CanadaBuys website. When measures are put in place specifically for indigenous businesses, we want to see certain results. Businesses that are not certified by Indigenous Services Canada would not have access to those contracts, which are set aside for indigenous people.

Mrs. Julie Vignola: Okay. If I understand correctly, we need to talk to Indigenous Services Canada.

What is the government doing to ensure that the procurement process is accessible to small businesses in general and indigenous small businesses in particular?

Ms. Joëlle Paquette: I'll let Mr. Lawrence-Whyte handle that.

Mr. Clinton Lawrence-Whyte: Thank you for the question.

One of the key objectives or responsibilities of Procurement Assistance Canada—

[*English*]

Mr. Churence Rogers (Bonavista—Burin—Trinity, Lib.): I have a point of order, Mr. Chair.

The Chair: Go ahead, Mr. Rogers.

Mr. Churence Rogers: I'm not sure what the interpreters are hearing, but I'm getting an awful lot of crackling noises in my headset. I'm not sure if it's my headset or if other people are hearing them.

The Chair: Is anyone else experiencing any crackling? I'm hearing perfectly fine.

Mr. Churence Rogers: Well, I haven't been for the last five minutes.

The Chair: Hold on. We'll suspend for a second.

• (1300)

(Pause)

• (1300)

The Chair: Mr. Rogers, are you okay if we continue and IT gives you a phone call to see if we can work it out?

Mr. Churence Rogers: Okay.

The Chair: We'll continue, Mrs. Vignola, and then we'll have IT call Mr. Rogers.

The time is restarting. Go ahead, Mrs. Vignola.

[*Translation*]

Mrs. Julie Vignola: I'll go back to my question.

What concrete actions is the government taking to facilitate the process, reduce red tape, and so on?

Mr. Clinton Lawrence-Whyte: Thank you for the question.

One of the key elements of our mandate at Procurement Assistance Canada is to work closely with small and medium-sized businesses to help them. When we meet with a company, it's important to explain the necessary steps, some of which are very important, such as registering on CanadaBuys.

In addition, our people work directly with companies to explain their responsibilities and how they can bid on tenders. We explain all the tools and all the types of procurement that are available. We help businesses, but it is important for them to understand the products and services available to them so they can seize the opportunities most likely to ensure their success. We've had some success this year.

• (1305)

Mrs. Julie Vignola: Thank you very much.

Let's say I can explain string theory. That doesn't mean the person I'm explaining it to will be able to use that theory in their work or that my explanation will make the theory simpler and more accessible. That is more or less what's happening here. You can explain the processes and the steps, but that doesn't make them simpler or more accessible, particularly for small and medium-sized businesses.

I just wanted to end my six minutes with that thought.

[English]

The Chair: Thank you very much.

Mr. Bachrach, go ahead, please.

Mr. Taylor Bachrach: Thank you, Mr. Chair.

Thanks to our witnesses for their patience with our technical challenges.

After listening to the responses, I think our witnesses have deferred many of the questions to Indigenous Services Canada. This may have been covered in the opening introduction, but I wonder whether you could very briefly sum up PSPC's role with regard to indigenous procurement, separate from the role of Indigenous Services Canada.

Ms. Joëlle Paquette: Our role is to meet the 5% target by trying to incorporate certain measures within our contracts and by encouraging indigenous businesses to participate in bidding on our contracts. We need to meet the 5% target, and we're doing a lot of engagement to do that. We have discussions with our clients, either client departments or those within PSPC, on how they can incorporate indigenous businesses into what they require—either directly or as a subcontractor to the prime—by developing plans.

Our role is to develop tools and clauses that will encourage indigenous businesses to participate in our contracts. Then we help our client departments, which are not always in PSPC but other departments, as a common service provider. We also encourage them to incorporate indigenous participation in their particular requirements and contracts.

Mr. Taylor Bachrach: If I understand the division of labour correctly, Indigenous Services Canada is entirely responsible for the determination of what constitutes an indigenous business—the criteria and the registration of those businesses in the directory—while PSPC takes that as accurate and tries to ensure that as many contracts as possible go to businesses that are so registered, in order to meet the 5% target. This committee study has pointed to very serious and troubling discrepancies and situations that question the integrity of that process.

Has PSPC ever raised concerns about ISC's certification process and the directory and the possibility of fraud or misrepresentation in the list of indigenous businesses?

Ms. Joëlle Paquette: We are supportive of Indigenous Services Canada, and they are setting the rules and the definitions we need to follow. We have discussions on how best to incorporate more indigenous businesses in our procurement. Through PAC, we also make sure there's good communication with indigenous businesses and indigenous representation, and they have those discussions directly with Indigenous Services Canada.

Mr. Taylor Bachrach: My understanding is that one of PSPC's roles is to ensure the overall integrity of government procurement. It's been obvious to many people that there are serious and systemic problems with the indigenous procurement process. Has PSPC conveyed any of those concerns to the client departments you work with?

• (1310)

Ms. Joëlle Paquette: I'm not aware of that. As I said, they're responsible for Indigenous Services Canada and the IBD list, and we follow that list. When we put a contract in place, our 5% target can only be accounted for using that particular list. If a company is not registered in the IBD, it does not count against our 5% target.

Mr. Taylor Bachrach: Has PSPC ever expressed concern about the integrity of the list or the use of shell companies or any of the really troubling concerns that have been raised over the course of this study?

Ms. Joëlle Paquette: Our responsibility is to have discussions through Procurement Assistance Canada with indigenous firms, and they provide some information. Then we make sure they are in contact with Indigenous Services Canada. Those discussions are happening over there, not with PSPC.

Mr. Taylor Bachrach: It just seems unusual, because in our discussions with PSPC about procurement more broadly, PSPC has taken a very proactive role when it comes to the integrity of government procurement to ensure that fraud isn't taking place and that there are checks and balances along the way. It seems that with indigenous procurement, PSPC takes a very hands-off approach and really defers to Indigenous Services Canada when it comes to the registration of businesses.

Is that a fair characterization?

Ms. Joëlle Paquette: Indigenous Services Canada sets the rules and definitions. They own the IBD and they're the ones managing the PSIB program. The departmental oversight branch is responsible for the integrity of procurement, and we have certain clauses within our contracts on that and there are certain rules. Before putting our contracts in place, we have to go through the departmental oversight branch to validate that a company meets the integrity measures set by the departmental oversight branch. We also have clauses in our contracts relating to the code of conduct and to conflicts of interest so that if ever something does come about, we have ways to remedy our contracts, either through termination or other means.

Mr. Taylor Bachrach: Those integrity measures do not include the question of whether they are indeed indigenous businesses. Is that correct?

Ms. Joëlle Paquette: I believe so.

Mr. Taylor Bachrach: Procurement Assistance Canada is trying to recruit indigenous businesses to get them to register with the directory. Can you highlight Procurement Assistance Canada's work in northwest B.C. specifically?

The Chair: We're a bit past our time, but you can give a brief response. Otherwise, we can get to it in the next round.

Mr. Clinton Lawrence-Whyte: We do events throughout Canada, and we focus on B.C. We work very closely with regional partners to make sure that indigenous businesses are made aware of our services and that we can help them get ready to participate actively in federal procurement. We have had successes in terms of indigenous businesses participating.

The Chair: Thanks very much.

We'll now go to Mrs. Block for five minutes, please.

Mrs. Kelly Block: Thank you, Chair.

I'm going to start by reconfirming what I think I've heard in testimony from our witnesses this morning when it comes to the role of PSPC and the indigenous set-aside. As the procurement department for the Government of Canada, PSPC has testified that it does not have any oversight of a list of vendors that are required to meet certain criteria to qualify for the indigenous set-aside.

We know that various departments have the authority to award contracts, yet it seems that every time PSPC.... Over the last couple of years, as we've undertaken various scandals, we've seen within the Government of Canada and procurement that glaring mistakes have been made, and they have resulted in the government mispending tens of millions of dollars.

Under whose authority are departments given the ability to award contracts directly?

• (1315)

Ms. Joëlle Paquette: The Treasury Board Secretariat outlines the policies, so they're responsible for the directive on the management of procurement.

Mrs. Kelly Block: After widespread reports of abuse and fraud and the use of shell companies, is PSPC at all curious about getting to the bottom of that?

Ms. Joëlle Paquette: As I said, PSPC, through Procurement Assistance Canada, continues to have discussions with various indigenous businesses and listens to what they have to say. It will then refer them to the right area within Indigenous Services Canada to make sure they are aware of any issues and can work through some of its policies, which direct PSPC to have a 5% procurement target for indigenous firms.

Mrs. Kelly Block: You're directed to have a 5% target, yet you are not responsible for ensuring that the target is actually being met in contracts going to indigenous businesses.

PSPC is not prepared to step in to deal with the failures of this program and ensure that money meant for indigenous businesses is going to indigenous businesses. Is that what you're telling us here today?

Ms. Joëlle Paquette: What I'm telling you is that Indigenous Services Canada is responsible for the PSIB program and is responsible for the IBD. They are working with indigenous communities to manage the IBD and possibly make changes to it, but PSPC must follow the rules set by TBS and ISC in relation to the 5% target, to put some of their contracts in place with indigenous firms.

Mrs. Kelly Block: With all due respect, I believe PSPC does have a responsibility to ensure that taxpayers' money is being spent effectively and efficiently, and if I were seeing reports about this kind of abuse within a program, I would be sounding the alarm and trying to figure out how it could be addressed.

I want to get back to the issue of subcontracting. Recently, the procurement ombudsman launched a broad review of government procurement, specifically of the practice of bait and switch. This follows on the heels of revelations that your department has allowed companies to engage in the bait and switch in the resources that work on their contracts, with no repercussions.

You talked a bit about subcontractors earlier in response to some of my colleagues' questions. If you are not monitoring the subcontractors, how can we trust that this program, which is supposed to award contracts to indigenous businesses, is actually working the way it's meant to?

Ms. Joëlle Paquette: In our procurements, when we have a prime contractor, we are incorporating certain measures. The prime contractor is the one we have a contract with. They have subcontractors, and they are obligated to incorporate measures for a subcontractor that are similar to those in their prime contract with the Government of Canada, but we do not manage subcontractors at PSPC.

Mrs. Kelly Block: I believe that's a problem.

The Chair: Thanks very much.

Mr. Bains, we'll go over to you.

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

Thank you to our department officials for joining us today.

I know there's been a lot of discussion on the business directory of indigenous partners. Do you think transferring the directory away from the Government of Canada will lead to more integrity in procurement practices?

Ms. Joëlle Paquette: I am not able to answer that. I don't know.

Mr. Parm Bains: In the current context, would it be harder for indigenous businesses to be competitive with non-indigenous businesses when bidding for contracts if they were restricted to a narrower pool of resources to draw from?

• (1320)

Ms. Joëlle Paquette: I'm not sure I understand the question.

Mr. Parm Bains: Let's say the business directory is managed or organized outside. Would there be fewer resources from the Government of Canada to manage the business directory or at least add members to it?

Ms. Joëlle Paquette: I am not able to answer that question. I don't know the workforce behind managing the IBD within Indigenous Services Canada. If other firms were involved in registration, I don't know how that would be managed. Those are questions probably best answered by Indigenous Services Canada.

Mr. Parm Bains: To go into the PSPC's supply manual, it states:

In support of PSIB, client departments may designate that a proportion of sub-contracts through open procurement be reserved for Indigenous business, or that non-Indigenous suppliers are to be encouraged through the use of incentives - e.g., additional evaluation points to hire Indigenous businesses as subcontractors.

Can you explain to us what evaluation points are in the contracting process?

Ms. Joëlle Paquette: When we develop a procurement or request for proposal, we outline how we will evaluate a supplier, and points are associated with meeting certain criteria. As long as a company is able to outline how they will meet those criteria, we will associate points with their meeting them. We have to be fully transparent about how we're going to evaluate bids so that the RFP is fair, open and transparent to all bidders.

Mr. Parm Bains: Are there are a set number of extra evaluation points that can be awarded for hiring an indigenous subcontractor?

Ms. Joëlle Paquette: There are. I think it's in a plan that they would incorporate in their contract, so yes, some points could be provided for having a subcontractor that's an indigenous firm.

Mr. Parm Bains: Are they awarded by PSPC or the contracting department?

Ms. Joëlle Paquette: PSPC, when it's a common service provider, can do that on behalf of other government departments, or PSPC can do that, when we purchase on our own, when it's a client of the acquisitions program.

Mr. Parm Bains: The prime contractor is responsible to bind its subcontractors, in writing, to PSIB requirements, including requirements for the subcontractor to send information substantiating its compliance with the program. Who's responsible for enforcing these requirements, the prime contractor, ISC or PSPC?

Ms. Joëlle Paquette: The enforcement, I believe, is done by Indigenous Services Canada. We can always ask them to audit to make sure of what has been identified in the evaluation. When we provide the contract, if we require validation, we go to Indigenous Services Canada to do the audit.

Mr. Parm Bains: What measures are in place to ensure that all involved parties comply with these prerequisites? What actions are taken if a prime contractor or subcontractor does not meet the requirements set out?

The Chair: Please provide a brief answer because we're past our time.

Ms. Joëlle Paquette: There are some contractual clauses. If they are not meeting the requirements, at that point those contractual clauses come into play, and you either terminate or provide... There might be remedies outlined in the procurement itself.

Mr. Parm Bains: Thank you.

The Chair: Thanks, Mr. Bains.

We'll now go to Madam Vignola, please.

[Translation]

Mrs. Julie Vignola: Thank you, Mr. Chair.

Ms. Paquette, according to the report on meeting the 5% target for 2022-23, \$1.6 billion in contracts were awarded to indigenous businesses, which was 6.27% of contracts. How much money does the Government of Canada spend annually on contracts, on average, for all businesses combined?

● (1325)

Ms. Joëlle Paquette: I believe the Government of Canada awards about \$34 billion in contracts a year, including \$24 billion in contracts through our department, Public Services and Procurement Canada.

Mrs. Julie Vignola: I'm doing a quick calculation, and I see that \$2 billion is 5.55% of \$36 billion. That's still a long way from 6.27% of contracts. I was even being generous by adding \$400 million to the \$1.6 billion. I suspect that the value of contracts is being confused with the number of contracts. Is that the case?

Ms. Joëlle Paquette: If you're talking about what I put in my report, that's only contracts awarded by Public Services and Procurement Canada, or PSPC. The \$34 billion represents the total value of contracts awarded by the federal government. The \$24 billion figure is the value of contracts awarded by PSPC, including contracts we award for other departments.

Mrs. Julie Vignola: Yes, I understand that, but the policy—

Ms. Joëlle Paquette: For example, 2.6% of our department's contracts were awarded to indigenous businesses in 2022-23.

Mrs. Julie Vignola: Yes, but the policy applies to all organizations, not just your department.

Ms. Joëlle Paquette: It applies to all organizations, but gradually. There are some organizations, including my department, that started working towards that target as early as 2022, while others started working towards it later. There was a three-year deadline, until the end of fiscal 2024-25, to meet the 5% procurement target for indigenous businesses.

I can tell you only about the progress made at PSPC, where we are working very hard to meet the target, maintain it and, if possible, exceed it.

Mrs. Julie Vignola: What I'm trying to point out is that there is a difference between the number of contracts and the value of the contracts, and the two concepts seem to be conflated. Is the policy about the total value of contracts or the total number of contracts?

Ms. Joëlle Paquette: It's related to the value of the contracts.

Mrs. Julie Vignola: My time is up. Thank you, Mr. Chair.

[English]

The Chair: Do you have a quick response, or would you like to get back to us in the next round?

Ms. Joëlle Paquette: I think it's on the value of the contracts, from what I've read. The 5% target is related to contract value, not to the number of contracts.

The Chair: We'll go to Mr. Bachrach, please.

Mr. Taylor Bachrach: Thank you, Mr. Chair.

Ms. Paquette, you mentioned the 5% target, but there remain serious concerns regarding the integrity of the business directory. Have you really met the target?

Ms. Joëlle Paquette: We have not met the target within PSPC, which I mentioned in the opening remarks.

What we are doing right now is making a lot of effort through engagement with indigenous businesses to see how we can meet the target—how we can find out a bit more about where they're able to be part of our procurement processes and how we can direct more of our procurements toward indigenous firms.

Mr. Taylor Bachrach: Maybe my question wasn't clear enough. It just seems like the 5% target is a box-ticking exercise, because PSPC does not have any concerns with the integrity of the directory or the definition of what an indigenous business is. It just takes, hoh-lus-bolus, whatever Indigenous Services Canada says is an indigenous business and tries to hit the target based on that list.

I think you would agree with me that if you hit the 5% target for indigenous procurement but the businesses that get the contracts aren't necessarily indigenous businesses, you haven't really hit the target.

• (1330)

Ms. Joëlle Paquette: We are following the rules set by the government to meet the 5% target. If we exceed it, we'll be happy.

Mr. Taylor Bachrach: Will you be happy about it if—

Ms. Joëlle Paquette: We are abiding by the rule that the IBD certifies these companies, and we need to use the IBD to identify the 5%.

Mr. Taylor Bachrach: Yes, and the challenge here, of course, is that there are major questions about the IBD, and they have been raised consistently over the course of this study.

It seems to me that PSPC is not concerned at all with the integrity of the directory. You're simply staying in your lane, ticking a box and trying to get to 5%, which is frustrating because the role of PSPC, as I understand it, is to ensure the integrity of government procurement generally across the federal government. It does seem in this case like PSPC is not fulfilling that role.

I'll move to the statement from earlier, in the last round, that Procurement Assistance Canada—

The Chair: Mr. Bachrach, I'm afraid we're past time, but you'll have another round. We can get to that then.

Mr. Taylor Bachrach: Thank you, Mr. Chair.

The Chair: Next is Mrs. Block, please.

Mrs. Kelly Block: Thank you, Chair.

Just to follow up on my previous round, you keep saying that this program is run by Indigenous Services and that you have no oversight of the program. However, PSPC is required to award 5% of contracts per year to indigenous businesses through this program, which has a requirement that 33% of subcontractors be indigenous.

Why is PSPC not verifying that this subcontracted work is being done by indigenous businesses?

Ms. Joëlle Paquette: We refer the information to Indigenous Services Canada and they can perform audits to ensure that companies are meeting the requirements and to maintain their certification.

Mrs. Kelly Block: Do you receive these audited reports to confirm that you are actually meeting the 5% target?

Ms. Joëlle Paquette: We receive those reports by Indigenous Services Canada and incorporate them into our files.

Mrs. Kelly Block: By not verifying the work being done by subcontractors, you are virtually admitting that your department is opening this program to fraud. When fraud is committed in government contracting, such as a business posing as indigenous to win a contract, is PSPC the department responsible for getting back the money once a company has been exposed as not being indigenous?

Ms. Joëlle Paquette: There are some contractual terms for managing the contract. If something happens and a company that was previously certified and met the certification no longer meets the certification once we've awarded the contract, and the contract is still live, then the clauses in the terms and conditions of the contract will come into play.

Mrs. Kelly Block: You could then get the money back.

Ms. Joëlle Paquette: I would not be able to say that we'd get any money back. It all depends.

They meet the certification at the time we put the contract in place. If at any time, once we put the contract in place, a company no longer meets the certification and we terminate, they have done work during that time and we owe them money for the work they've done.

Mrs. Kelly Block: In relation to the arrive scam scandal, PSPC stated that they could get the money back from fraudulent contracting. I'm not sure what you mean by a company meeting the certification when you award the contract and then somewhere along the line not meeting the certification if it has been verified that they are an indigenous business.

Can your department commit to reviewing the contracts awarded through this program and recovering any money spent on contracts awarded to non-indigenous businesses that were posing as indigenous?

• (1335)

Ms. Joëlle Paquette: I'm unable to answer that question because I don't know.

Mrs. Kelly Block: Okay. You don't know if you can do that.

We heard testimony yesterday about performative reconciliation. If the Liberal government is not recovering money, not referring things to the RCMP and not implementing measures to ensure that contracts actually go to first nation communities, is the Trudeau government guilty of performative reconciliation?

Ms. Joëlle Paquette: That's not something I'm able to answer. I'm sorry.

Mrs. Kelly Block: Thank you very much.

The Chair: That is our time.

Mrs. Atwin, go ahead, please.

Mrs. Jenica Atwin: Thank you very much, Mr. Chair.

Broadly, the 5% procurement target is considered a minimum rather than a maximum value. Is that correct?

Ms. Joëlle Paquette: That's correct.

Mrs. Jenica Atwin: What best practices are undertaken by organizations that exceed the 5% target?

Ms. Joëlle Paquette: I don't know their best practices. I know that we are trying to develop best practices. We are aiming to increase the number of indigenous firms participating in our contracts by either directing or making sure that indigenous firms are part of the discussion we're having with other government departments when we're looking at their requirements. Then we can possibly put different measures in place to ensure that indigenous businesses participate in our procurement activities.

Mrs. Jenica Atwin: In your opinion or through your expertise from being in this role, do you think the 5% target is a good thing and fosters the economic reconciliation that we've been trying to achieve?

Ms. Joëlle Paquette: Yes, I think it is a good thing. From an economic perspective, we want procurement to help indigenous communities—through training and an increase in jobs. The more participation there is in federal government contracts, the more indigenous firms will participate in them and will have some success. I think the 5% target is a start.

Mrs. Jenica Atwin: Have you personally heard any evidence of wrongdoing or misrepresentation by indigenous businesses listed on the indigenous business directory?

Ms. Joëlle Paquette: I have not. If there is something, I would strongly suggest that Indigenous Services Canada be communicated with. They will have to look into it because that is their role.

Clinton might have something to add.

Mr. Clinton Lawrence-Whyte: I would agree. In terms of the best practices point you raised, which is really important, we have found that working very closely with indigenous communities is important. They're able to help us identify businesses that could be best suited for certain procurements. We've certainly seen that through our work in the north of Canada, for example, with the Inuit. We work very closely with some of the economic development organizations rooted in the community. Working with partners from the community is critically important. Departments that are establishing those connections are having success.

From our side, the Government of Canada side, it's about getting ahead of the curve by identifying procurements that would be well placed for indigenous participation, getting out to the communities, talking to the businesses and finding out if they're comfortable with what they need to do to actively compete. We want to get businesses "bid ready", which is one of the terms we use, and that's where some of the work we do with indigenous firms will come into play.

If we get early notice by working with departments that give us that kind of advance, we can get out and identify community part-

ners, work with the businesses that could be well placed and make sure that when the procurement hits the street, we'll have success. We've had success in every region, with indigenous firms that we can speak to that have been successful.

● (1340)

Mrs. Jenica Atwin: Thank you very much.

There are some broad claims being made in some of the preambles to the questions being asked by some of my fellow committee members. I'm just wondering if they know something more than we know. Which businesses are we talking about as far as those that are non-compliant go? There's evidence we need to uncover, and I don't think we've done that.

I really thank you for what you've been able to bring to the table today with regard to broad procurement policy and what PSPC is doing on its side to encourage the participation of indigenous businesses. I love hearing about the outreach, the networking and you visiting communities, specifically remote locations. All of that is critically important. It speaks to the mandate the government has put forward in that very important relationship we have with indigenous peoples, and economic reconciliation is a key pillar of that.

I'm grateful for the discussion today, and thank you very much for being here.

The Chair: Thanks, Mrs. Atwin.

We'll go to Mr. Lawrence.

Welcome back to OGGO, Mr. Lawrence.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): Thank you. It's a pleasure to be here.

I must admit that I'm not normally a member of this committee, but I've been watching with some awe at the lack of accountability with respect to your department, Ms. Paquette. Do you feel that your department is doing an adequate job of detecting irregularities and even fraud within indigenous procurement?

Ms. Joëlle Paquette: We put contracts in place. If the contracts are for the delivery of services or goods, whether those services or goods are delivered is the main concern. If a company is certified by Indigenous Services Canada and has met the certification requirements of Indigenous Services Canada, there is no fraud, as you've pointed out. They are delivering their services or goods to either PSPC or another government department.

Mr. Philip Lawrence: Can you tell me how many contracts specifically dealing with indigenous procurement your department has stopped because of not fulfilling the contractual obligations your department has put out?

Ms. Joëlle Paquette: I don't have that information.

Mr. Philip Lawrence: Could you provide that information to our committee?

Ms. Joëlle Paquette: If we have that information, yes.

Mr. Philip Lawrence: You may not have the information as to how many contracts have been stopped because of individuals or companies not fulfilling their obligations. Is that possible?

Ms. Joëlle Paquette: We will provide the information. I don't know if we have it specifically stated that way. We will look into it.

Mr. Philip Lawrence: You mentioned earlier that you have not hit the 5% target. Is that correct?

Ms. Joëlle Paquette: That's correct.

Mr. Philip Lawrence: Where are you at? What percentage are you at right now?

Ms. Joëlle Paquette: We hit 2.7% in 2022-23, and we were at 3.4%, or \$143 million, in 2023-24. I do not have the numbers for 2024-25, but my understanding is that with a lot of the efforts we've made through engagement and increasing participation in different activities in procurement, we're getting close to our 5% target. However, I don't have the number yet for this year because the year is not finished.

Mr. Philip Lawrence: Have those numbers ever been audited?

Ms. Joëlle Paquette: I don't know. I would have to validate that.

What do you mean by audited? The companies that have been certified by the IBD would be part of these contracts, and these contracts constitute the numbers we identify that go towards the 5%.

• (1345)

Mr. Philip Lawrence: The question I'm looking at was raised by Mr. Bachrach. It's that these numbers—well, any number—won't really matter if they can't stand up to rigour. I'm just wondering if an independent review has been done, or even a review within the department, to see whether procurement is occurring in accordance with PSPC and Indigenous Services Canada.

Ms. Joëlle Paquette: For the contract itself, we manage whether the contractor is delivering the good or service and is meeting the requirements of the contract. The company would have been certified by Indigenous Services Canada and would be part of the IBD. That certification and the validation through the IBD allow us to give a contract to a company and count them against the 5% target.

Mr. Philip Lawrence: Has your department stopped any contracts because of an issue with certification?

Ms. Joëlle Paquette: Not that I'm aware of. We would have to look into that.

The Chair: Thank you. That is our time.

Maybe you can get back to us in writing with that.

Ms. Joëlle Paquette: Yes.

The Chair: We'll go to Mr. Bains for five minutes, and then we'll finish up with Mrs. Vignola and Mr. Bachrach.

Go ahead, Mr. Bains.

Mr. Parm Bains: Thank you, Mr. Chair.

In a previous meeting, the committee received a letter from an organization, and it indicated that “with an effective Indigenous procurement system in place, the Government could make tremendous steps forward toward economic reconciliation with Indigenous peoples.”

In your view, what is the significance of achieving economic reconciliation in Canada?

Mr. Clinton Lawrence-Whyte: Economic reconciliation is critically important. It's important for indigenous communities. It's also an opportunity for them to actively participate in federal procurement.

We're talking about quite significant numbers with the level of procurement activity. It's probably been mentioned that we look at the 5% target as a floor, not a ceiling. If we're able to achieve success, we're talking about significant levels of investment going to indigenous communities. It's evident that the impact would be transformational, so we think it's critically important to drive forward and see if we can make this target a reality.

As it's been mentioned, we are working with partners and working with businesses. It's a collective Government of Canada effort, but if we're able to make progress toward the 5% target, it will make changes.

At an individual enterprise level, our team has worked with an indigenous business called Creative Fire, which does really amazing work in the communications space. After working with our teams and Procurement Assistance Canada, it was able to apply for some of our instruments and, fortunately, got some success. Creative Fire certainly knows that with their business model, it's been quite incredible to increase the number of staff and have more of an impact. We can see positive impacts at the firm level and we think at the community level as well.

In my view, economic reconciliation is critically important.

Mr. Parm Bains: Thank you for that.

Locally, Boeing, in Richmond, British Columbia, made a significant investment of over \$40 million. One of the suppliers brought in to provide the fabrication of machinery and national defence parts and supplies for our submarines was also one of the recipients. I think we've seen significant benefits locally in my region.

Can you expand a bit on how ensuring procurement opportunities for indigenous businesses helps achieve economic reconciliation in Canada? We've talked a lot about the 5% target, but have you witnessed anything in your departments where we've exceeded the 5% minimum threshold?

• (1350)

Ms. Joëlle Paquette: I can give one example: the Atlantic Science Enterprise Centre project. Within the procurement context, there are two large contracts for the Atlantic Science Enterprise Centre project that include indigenous participation. Through those two contracts in particular, we were able to exceed the 5%.

I don't have the total value of the contracts, but so far, through their efforts, those two contractors have provided close to \$60 million, through subcontracting, to indigenous businesses. That's a good-news story.

We also know that through the Canadian dental care plan, Sun Life had a—

The Chair: I'm afraid I have to cut you off because we're running short on time.

Mrs. Vignola, please go ahead.

[Translation]

Mrs. Julie Vignola: Thank you, Mr. Chair.

Ms. Paquette, I want to follow up a bit on what you just said and talk a bit about subcontractors. A number of people have mentioned that non-indigenous businesses use indigenous businesses as a front to get contracts. A while ago, a witness told us that it is sometimes necessary to go through a non-indigenous business to get a small part of the contract.

When an indigenous business is a subcontractor, do you use the full value of the contract or only the portion that goes to the indigenous business when calculating the value of contracts?

Ms. Joëlle Paquette: That's a very good question. I'm not sure of the answer, but I believe the portion that goes to the subcontracting company will be tallied in the 5%, not the total value of the contract. That said, the subcontractor can be considered only if it is certified by ISC. Only that subcontracted value can be included in the 5%.

I would have to verify that information, though.

Mrs. Julie Vignola: Can you check and send us the answer in writing, please?

I'm going to go back to the report on meeting the 5% target. The report states that in 2022-23, a total of 28 organizations had not met the 5% target. What is your department's role in helping organizations reach the target? I hesitate to talk about reprisals, but are there consequences for not meeting the target?

Ms. Joëlle Paquette: The target was set by ISC, not by PSPC. However, our department's role is to develop tools such as supply arrangements.

We can help organizations with these tools, some of which are used only by indigenous businesses. Then the other departments could use the tools to achieve their 5% target. We develop tools and contractual clauses. Really, it's the tools and—

[English]

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

Mr. Bachrach, could you finish off the day for us?

Mr. Taylor Bachrach: Thank you, Mr. Chair.

I'll pick up where I left off in my last round of questioning.

Our witness from Procurement Assistance Canada indicated that his organization works closely with regional partners. I'm curious to know if, in the northwest B.C. context, he can share with us some of the partners his organization has worked with closely.

● (1355)

Mr. Clinton Lawrence-Whyte: In our organization, we work with local organizations. One of the key partners we work with is the Council for the Advancement of Native Development Officers.

In terms of working directly with B.C., through our regional office we make sure that we're connecting locally with communities. If there is a requirement to provide a list of some of the specific organizations we work with, I'd be pleased to provide it.

Mr. Taylor Bachrach: Your regional office in British Columbia is located in Vancouver. Is that correct?

Mr. Clinton Lawrence-Whyte: That is correct.

Mr. Taylor Bachrach: Vancouver is the biggest city, the biggest urban centre, and it is a long way away from the region that I represent. I'm just curious whether you work with PacifiCan, which has offices in northwest B.C., or with any local rural partners that are able to work on the ground with indigenous businesses in more rural parts of the province.

Mr. Clinton Lawrence-Whyte: One of the models we have is widely implemented in B.C. and across the country. As I mentioned before, one of our key indigenous partners is CANDO, the Council for the Advancement of Native Development Officers, and it speaks to the point that you raised. We don't have full reach on the ground everywhere, but we work with this association, this grouping, which has economic development professionals situated in the regions. In this partnership, which is unique, we share our learning instruments and tools, and we teach them how to deliver the kinds of supports we do. By working with CANDO, we're able to have individuals, in many cases in indigenous economic development organizations in the regions, work directly with the businesses that are close at hand.

One thing we've been doing as well is making use of distance and virtual technology to connect with our partners. Sometimes that doesn't have the exact impact we want, so we'll start with virtual to establish contacts and we'll make the trip when it's necessary to be on the ground and present with partners. We know there is value in dealing with someone face to face.

To pick up on the point you alluded to, we work very closely with regional development agencies to leverage their expertise.

Mr. Taylor Bachrach: I'd just note that CANDO is based in Alberta, so I'd be keen to know more about its activities in British Columbia and specifically northwest B.C.

Thank you very much, Mr. Chair.

The Chair: Thank you, Mr. Bachrach.

Thanks, everyone, for bearing with us as we dealt with our IT issues.

To the IT folks here today, thanks for your assistance in getting us going.

Ms. Paquette and Mr. Lawrence-Whyte, there were a few questions left outstanding, so we'll ask for responses in writing. Our committee has passed a motion that says we require all responses within 21 days, unless you are invited back.

Colleagues, thank you very much. We will see you Tuesday.

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