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Chair: Mr. Kelly McCauley



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• (1105)

[English]

**The Chair (Mr. Kelly McCauley (Edmonton West, CPC)):**  
Good morning, everyone.

I call this meeting to order.

Welcome to meeting number 155 of the House of Commons Standing Committee on Government Operations and Estimates, properly known, at least in this room, as the mighty OGGO.

Before we start, as always, everyone, please keep your head-phones away from your microphone so that we can protect the hearing of our very valued interpreters.

We'll head to our witnesses. We'll do one hour with the witnesses, and then we're going to go in camera and hopefully finish the Canada Post report.

Mr. Mills, welcome back to OGGO. I understand that you have an opening statement for us. Please go ahead.

**Mr. Michael Mills (Associate Deputy Minister, Department of Public Works and Government Services):** Thank you.

[Translation]

Mr. Chair, thank you for inviting representatives of Public Services and Procurement Canada, or PSPC, and its office of supplier integrity and compliance to discuss this important study on indigenous procurement.

With me today are Catherine Poulin, assistant deputy minister of the departmental oversight branch; and David Naus, director general responsible for integrity and forensic accounting services, also in the departmental oversight branch.

I would like to begin by acknowledging that the land on which we gather is the traditional unceded territory of the Algonquin Anishinabeg people. The Algonquin peoples have lived on this land since time immemorial. We are grateful to have the opportunity to be present in this territory.

[English]

The Government of Canada's procurement strategy for indigenous business has been an important indigenous business development tool for many years. It focuses on encouraging the participation of indigenous businesses in federal procurement through mandatory, voluntary and conditional set-asides.

More recently, the Government of Canada has established the target of 5% of the total value of federal contracts awarded to in-

igenous businesses to direct its purchasing power in support of indigenous businesses. PSPC is working with Indigenous Services Canada, as well as with the Treasury Board of Canada Secretariat to support departments and agencies to meet the minimum target of 5%.

As a department, PSPC is also working to ensure that 5% of our purchases are directed towards indigenous businesses. Last year, we did not meet this target. In part, that was because a large part of our contracts are awarded for large-value, complex endeavours, where it is simply not possible to find indigenous prime contractors.

Instead, our large contracts are making a difference by ensuring that subcontracting and employment opportunities benefit indigenous businesses and individuals, which aren't always reflected in the numbers. The inclusion of the participation plans and contracts is driving these economic benefits through subcontracting.

We continue to look at ways to increase indigenous prime contracts. We have introduced indigenous-by-default approaches where indigenous participation must be considered in all procurements. As well, PSPC has introduced limited bidding in certain cases to allow for a procurement to be accessible solely by indigenous businesses.

Mr. Chair, we share this committee's concern regarding the potential deliberate misrepresentation of indigeneity on the part of government suppliers. Indigenous Services Canada is the lead department for the Government of Canada's procurement strategy for indigenous businesses. ISC is also responsible for defining the criteria for eligible indigenous businesses, administering the verification processes of a business's ability to meet the eligibility requirements, and maintaining the government's indigenous business directory.

As with other departments, PSPC relies on the indigenous business directory to provide assurance that we are contracting with verified indigenous businesses. I will note that Indigenous Services Canada is currently working with their partners to develop a path forward for transferring the verification process to indigenous groups.

Mr. Chair, the government has taken two important steps to safeguard the integrity of the federal procurement system and to take action to protect Canada from suppliers of concern. First, it has created the Office of Supplier Integrity and Compliance, or OSIC, to enhance PSPC's capacity to identify and respond to instances of supplier misconduct and wrongdoing.

Second, it has introduced the new ineligibility and suspension policy to provide OSIC with a range of actions, including suspension and debarment, on a much broader scope of misconduct. To be clear, these changes enable the registrar of ineligibility and suspension to suspend and debar suppliers based on an assessment that shows they have violated the integrity of the procurement process, even in situations where there are no criminal charges or convictions.

We encourage departments and agencies to come forward with their concerns about potential wrongdoing and misconduct. Even if departments do not report issues, OSIC can self-initiate assessments if they become aware of issues.

With regard to indigenous procurement, I can tell you that PSPC is actively engaging Indigenous Services Canada to ensure that deliberate misrepresentation or false claims of indigeneity are referred to OSIC for consideration. Since its inception earlier this year, OSIC has already taken action against a number of bad actors and continues to step up the government's efforts to root out suppliers of concern.

In closing, Mr. Chair, the Government of Canada buys some \$37 billion worth of goods and services each year. Directing 5% of these purchases to indigenous businesses can have a significant positive impact on indigenous business development. PSPC will continue to use the government's buying power to help address the inequities that exist between indigenous and non-indigenous businesses. At the same time, we are equally committed to safeguarding the integrity of Canada's federal procurement system.

Thank you.

**The Chair:** Mr. Genuis, we'll start with you for six minutes, please.

**Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC):** Thank you, Mr. Chair.

We're just seeing some news that Randy Boissonnault's company, GHI, has had its eligibility for government contracts suspended. Could you clarify whether that's correct and whether GHI, Randy Boissonnault's company, is currently eligible for contracts?

**Ms. Catherine Poulin (Assistant Deputy Minister, Departmental Oversight Branch, Department of Public Works and Government Services):** Thank you for the question.

I can confirm, as the registrar of ineligibility and suspension, that I provisionally suspended GHI from doing business with the Government of Canada. The suspension came into effect November 22, 2024, and it will be in place for 90 days but can be extended if necessary.

**Mr. Garnett Genuis:** Thank you.

Could you clarify the specific reasons for taking that step?

**Ms. Catherine Poulin:** Before answering that, it's important to mention that we're constantly looking at various types of information while assessing the risk that a supplier may pose to the federal government. We have gone through multiple sources of information, including lawsuits, both civil and criminal. The information that has been brought to our attention recently, concerning an Edmonton Police Service investigation, put us at the right level of the threshold to take action under the policy.

• (1110)

**Mr. Garnett Genuis:** Thank you.

The Conservative Party obviously doesn't think GHI should be getting government contracts. However, from your answer, it sounds like indigenous identity fraud was not a contributing factor in your decision to suspend it. Could you clarify whether a clear case of indigenous identity fraud—false claims about being an indigenous-owned company—was a contributing factor in your decision to suspend it?

**Mr. Michael Mills:** I can confirm that GHI has never been on the indigenous business directory. It has not received or participated in set-asides for indigenous processes, so it was not a factor from a contracting perspective.

**Mr. Garnett Genuis:** It made false claims in the process of making bids. That's what's been reported. You're saying that it wasn't on the indigenous business list, but then it nonetheless claimed to be an indigenous business because it thought that would provide it some advantage when making those bids. That's still identity fraud. Regardless of whether it was successful in getting that particular contract or whether it was on that list, it still clearly misrepresented itself.

Do you think GHI committed indigenous identity fraud, regardless of the outcome, and was that a factor in the decision to suspend it?

**Ms. Catherine Poulin:** It's important to mention that, as the registrar of ineligibility and suspension, I am not a law enforcement agency and I do not have to confirm whatever behaviour is criminal or not. However, to answer your question, the representation has been part of the cases we have looked at and will form one of the factors that will be looked at by the determination team while finalizing the assessment of GHI.

**Mr. Garnett Genuis:** It sounds like you're saying yes, and as part of your calculation when deciding on the provisional suspension and the ongoing review you're undertaking, one of the factors was the reports about misrepresentation of indigenous identity. You're clarifying that you're not necessarily saying that it was criminal, but you're saying that it was misrepresentation.

It sounds like you're saying yes. Are you saying yes?

**Ms. Catherine Poulin:** I'm saying that it's part of the assessment. However, the important point you made at the end, that I'm not commenting on the criminal aspect of it, is a very important point to take into consideration.

**Mr. Garnett Genuis:** Okay, I understand.

GHI, a company that is owned by a current Liberal MP, a former cabinet minister, has now been suspended from eligibility for government contracts, provisionally. Of course, we would advocate a stronger position of its not being eligible for government contracts, period. I also note that the initial suspension did follow our calling for that. Work continues to be done to get to the bottom of what happened with Randy Boissonnault and this company, and we'll certainly continue to follow that work and do that work.

For our information, I would like to request that you provide this committee with all of the bids that have been made by GHI so that we can see what claims were made in those bids. Is that something you're able to provide us with?

**Ms. Catherine Poulin:** Thank you so much.

I can partially answer your question, and then we will follow up with documents. The integrity verification service is aware of two bids: one that came in 2020 and the other that came in 2023. We are in the process of gathering a paper copy of those bids, and when we have gathered them, it will be our pleasure to transmit that information to the committee.

**Mr. Garnett Genuis:** Thank you. We'll look forward to that information as soon as it's available.

On indigenous identity fraud in general, you said in the opening that some action has been taken against bad actors. Could you name the bad actors and identify the action that's been taken against them bad actors as a result specifically of indigenous identity fraud? If we run out of time, I'd like that list in writing.

**Mr. Michael Mills:** Mr. Chair, I apologize if I misconstrued or conflated taking action with bad actors under the OSIC, as opposed to implying that we're taking action specifically against an indigenous business. We have not taken action to my knowledge.

**Mr. Garnett Genuis:** We're not really talking about an indigenous business; we're talking about those who pretend to be indigenous businesses.

Could you clarify, has any action ever been taken against a business in response to indigenous identity fraud as part of the procurement process?

**Ms. Catherine Poulin:** Thank you for the question—

**The Chair:** You can provide a short answer, please.

• (1115)

**Ms. Catherine Poulin:** OSIC has no role or responsibility in determining whether a supplier belongs to IBD or not, or whether that supplier made a false representation.

In order to take some action, we absolutely need to have a referral from a lead operation agency. In that case, it will be ISC.

**Mr. Garnett Genuis:** Right, but has any action been taken against any company? If they provide you with a referral and say there's a problem, then you follow up on that, to my understanding.

Are there any cases in which you've been able to identify that indigenous identity fraud happened, and there's been a consequence?

**Mr. Michael Mills:** Sorry, we have not been referred any cases from Indigenous Services Canada of misrepresentation.

That said, as I said in my opening statement, we have reached out to Indigenous Services Canada and asked them that, if they are aware of anything, to please refer them, and we would be happy to look at them.

**Mr. Garnett Genuis:** That's concerning and good to know, so thank you for the information.

**The Chair:** Thanks very much.

Mr. Sousa, please go ahead, sir.

**Mr. Charles Sousa (Mississauga—Lakeshore, Lib.):** Thank you, Mr. Chair.

Thank you for attending today.

Just to clarify, is the minister an owner of this company that we're mentioning, this GHI?

**Ms. Catherine Poulin:** It's my understanding, actually, that the company is solely owned by an individual who is not the minister.

**Mr. Charles Sousa:** Right. The minister is not an owner of the company.

**Ms. Catherine Poulin:** No.

**Mr. Charles Sousa:** Can you also clarify the qualifications or criteria to be indigenous on that list?

**Ms. Catherine Poulin:** I'm not the person who is best placed to answer that question.

As was previously mentioned, the decision about who should go on the IBD list is really a responsibility of ISC. They are looking at those criteria to put them on the list or remove them from the list.

**Mr. Charles Sousa:** Was this company on the list?

**Ms. Catherine Poulin:** I can confirm that this company, to my knowledge, has never been on the IBD list.

**Mr. Charles Sousa:** Mr. Boissonnault did not own the company. It was not on the list. Did they ever get awarded contracts for being an indigenous company?

**Ms. Catherine Poulin:** To my knowledge, there was only one contract that was awarded to that company back in January 2024. The contracting authority confirmed that it was not from an indigenous business set-aside contract. They also confirmed that no dollars have been spent under that contract.

**Mr. Charles Sousa:** You're taking the precautions and the necessary steps to ensure that the company operates effectively or not, and we have reasons that we wish to review it effectively, and that's why it's been suspended. Is that correct?

**Ms. Catherine Poulin:** It's correct.

**Mr. Charles Sousa:** Can you identify or briefly explain the differences between the new Office of Supplier Integrity and Compliance and the previous integrity regime? Can you explain what the difference is here?

**Ms. Catherine Poulin:** OSIC has mainly two functions. One of them is to administer the ineligibility and suspension policy. As the deputy mentioned in his opening remarks, that policy gives us much more authority to act, and the main point in that regard is that we can now act even if there are no charges nor convictions against a company.

Prior to June 2024, we could only act if a company was criminally charged or convicted of a specific offence listed under the policy. Now, we have much more room to accept various sets of behaviour and to establish whether we want to put mitigation measures in place, including suspension, debarment and/or entering into an administrative agreement with the supplier.

We also, as I previously mentioned, maybe at other committees, have a much broader ability to detect, through our data analytics tool, cases of wrongdoing and/or overbilling.

**Mr. Charles Sousa:** For the benefit of the committee, when was OSIC implemented and when was the integrity regime first introduced?

**Ms. Catherine Poulin:** I may turn to David to complement my answer, but I would say that it's important to note that we've had an integrity regime in place since 2015. We have administered that regime throughout that time, and we identified places where improvement was needed. That's why we created the Office of Supplier Integrity and Compliance, announced by the minister in March, and just recently implemented it in June, to give us more tools and to improve our reactive measures into some cases.

**Mr. Charles Sousa:** The government has been proactive in identifying and providing integrity in the process of procurement. We have been modernizing and have been taking the necessary steps to ensure that any bad actors and others.... Can you tell the committee how many contracts exist? How many contracts do we do in government?

**Ms. Catherine Poulin:** Thank you for the question. I will turn to the deputy.

• (1120)

**Mr. Michael Mills:** I believe it's on the order of about 400,000 contracts a year. The majority of those are a very low dollar value, but certainly we would be doing thousands of contracts that would be of significant value.

**Mr. Charles Sousa:** Then the Office of Supplier Integrity and Compliance has a pre-evaluation and, at times, a post-evaluation. Is that correct, with some of these contracts?

**Mr. Michael Mills:** Do you mean for indigenous procurement?

**Mr. Charles Sousa:** It's for indigenous and other contracts generally, because this company that they're referring to never was indigenous. It never became an indigenous contractor.

**Mr. Michael Mills:** I would answer that, in terms of the indigenous business directory, there are pre-audits and post-audits of contracts done under the procurement strategy for indigenous business. For more large and significant procurements, they often have a two-stage procurement process. The first is one with the qualification stage. In that case, we would look at a number of factors with respect to the company, such as its capacity and past experience, and we would often look at its financial stabilities and ownership.

**Mr. Charles Sousa:** Just out of curiosity, do you have any idea how many are being reviewed now, out of the 10,000 contracts? How many contracts a year...400,000?

**Mr. Michael Mills:** Yes, 400,000. I would say that it's probably in the range of several hundred contracts, where the larger would have that two-stage process. In terms of the numbers of businesses being reviewed by Indigenous Services Canada, you'd have to discuss that with ISC.

**Mr. Charles Sousa:** What role does the department play? There are obviously various functions by which procurement oversees other ministries. Can you please explain the interrelationships there?

**The Chair:** Just give a short answer, please.

**Mr. Michael Mills:** Just to be clear, the policy framework for procurement resides with the Treasury Board Secretariat. PSPC, as a common service provider, prepares a number of practices, template contracts and whatnot that we share to support other departments to use for their procurements.

**Mr. Charles Sousa:** Thank you.

**The Chair:** Mrs. Vignola, go ahead please.

[Translation]

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

Mr. Mills, Ms. Poulin and Mr. Naus, thank you for being here today.

As we talked about back in May, the office of supplier integrity and compliance replaced the previous integrity regime.

I have been a member of the House of Commons for five years, and I've often had occasion to see departments passing the buck. One is responsible for the act, another is responsible for its application, and another still makes sure that the policies, regulations and act are applied. However, none of them talk to one another, and none of them are accountable.

Is it the same for this office?

Could OSIC find that a department knew—but did not check—that a business was not indigenous-owned and accepted it anyway?

In a case like that, is the department penalized? Are there any binding measures to make sure that the department adheres to the requirements?

**Ms. Catherine Poulin:** Thank you for your question.

I'd like to start by distinguishing between my two main roles at OSIC, because I think it's important.

The first really important point is that my role as registrar mainly involves determining whether a supplier poses a risk to federal procurement, and putting mitigation measures in place if necessary. My work has an impact on all departments looking to contract work out to a supplier. I focus mainly on how suppliers behave, not departments. If I am given negative information about a supplier, I examine it, determine whether measures are necessary and proceed accordingly. The supplier is then notified, and all departments are impacted.

My other really important role is conducting investigations within the department. Any other department with a similar responsibility has someone performing a similar role.

It is important to distinguish between the two roles because I don't necessarily wield the same authority or carry the same weight in both roles.

**Mrs. Julie Vignola:** Let's say you find out information and you pass it on to a department but the department does not take it into account. Could you impose penalties or restrictions on the department for failing to take the information into account?

It's a hypothetical situation, but it could happen.

• (1125)

**Ms. Catherine Poulin:** At this time, the only ones we can impose restrictions on are suppliers.

**Mrs. Julie Vignola:** This morning, I was speaking with someone from an indigenous business. We talked about the phenomenon of using fronts, meaning a non-indigenous business joins forces with an indigenous business. The indigenous business is happy with the arrangement because it can be a springboard for opportunities as a supplier in its own right. However, the indigenous business eventually realizes that it was merely a front and no longer has any recourse.

Once the contract is signed, the indigenous business gets a pitance, even though it is providing support. It could be asked to perform lowly tasks, well below what it could be doing. In some cases, the value of the contract might increase, with, say, 20 positions being added, but the indigenous business doesn't get access to any of those jobs.

In a situation like that, where a contract is based on an economic or financial alliance between a non-indigenous business and an indigenous business, how do you make sure both receive equal treatment under the contract? How do you make sure the indigenous business isn't being used as a front?

[English]

**Mr. Michael Mills:** With joint ventures, the kind of controlling factors that Indigenous Services Canada looks at are ownership, control and the value of activity. Within the framework, under the procurement strategy for indigenous business, they would be looking at those joint ventures and ensuring that there's ownership and control, and also 33% of the value. They have the power to do post-audits to ensure that the 33% is done. If the 33% of the value is not going to the indigenous business, the contract can be terminated.

[Translation]

**Ms. Catherine Poulin:** I'd like to make a comment, if I may.

Certainly, if another department or organization has evidence of wrongdoing, it can report the information to the Royal Canadian Mounted Police, or RCMP. The organization can also contact our new office. In cases like that, we look at the mitigation measures at our disposal to ensure that our response has the greatest impact.

**Mrs. Julie Vignola:** Thank you.

I'll save my other questions for the next round.

[English]

**The Chair:** Thanks, Madame Vignola.

Ms. Blaney, please.

Go ahead for six minutes.

**Ms. Rachel Blaney (North Island—Powell River, NDP):** Thank you, Chair, and thank your the folks who are here to testify to us today.

I do have some particular questions. We know that a lot of indigenous businesses are really struggling with section 89 of the Indian Act. That section really creates a lot of economic inequalities.

In the role that you play in working with ISC, are there feedback loops for indigenous businesses to let you know what's working and what's not working, and to identify some of the key legislation federally that has an impact on their business and their capacity to create more wealth?

What I've heard again and again from indigenous leadership is that they're frustrated with incremental change. It's just a little bit by a little bit. I've also heard though they may have the capacity to do bigger projects, they can't access those bigger projects because they can't get those portions of their business proposals bonded.

If this commitment by all departments is serious, what dialogue and discussions are happening to address these issues arising in different federal department through the Indian Act, with huge economic impacts on indigenous communities?

**Mr. Michael Mills:** There are a number of channels through which we have direct conversations with indigenous businesses. We have Procurement Assistance Canada, which does a lot of outreach to small businesses and is trying to understand what their challenges are within the procurement processes, and what kinds of supports and aids they can offer.

On the bonding piece, I'm very well aware of the challenges with bonding, section 89. In fact, we are about to launch some new measures on bonding to look at raising the size of projects that would require bonding so that we can create more space for unbonded transactions, which will open up space for indigenous businesses. We're also looking at more targeted projects that would have an opportunity for indigenous participation and looking at whether we would need to have bonding on an optionality basis.

Another channel is that we have quite a long-standing relationship with the National Aboriginal Capital Corporations Association. They will often bring to us what they are hearing in the marketplace and what kinds of challenges they are seeing in the procurement space.

As well, we work with Indigenous Services Canada and with the National Indigenous Economic Development Board. That's another venue for us to understand what some of the indigenous business and economic development challenges are and how they may interface with procurement, and to figure out how we might be able to improve it.

The last thing I would say is that we are working constantly on things such as indigenous participation plans. In the live procurement processes, we will have discussions with indigenous communities to see if the way we're approaching indigenous participation plans actually works, if it is effective and if it is driving those benefits.

• (1130)

**Ms. Rachel Blaney:** Thank you for that. That was a helpful response.

The next component of the question that I have concerning that is this: If I understood correctly, it sounds like you're exploring areas like.... For example, if an indigenous community has a business that is relevant for that local area and if opportunities come up through the different federal departments, is there any discussion about how to make that work more effectively so that there can be better turnaround time—again, with less focus on those small contracts and with more expansion to some of those big contracts?

We know, as I said earlier, that some indigenous businesses have talked about watching other businesses come into their own communities, sometimes, or into their own region. They could have done that work, but because of section 89, they are not eligible. Are there discussions at the process level about looking at regions and identifying where indigenous businesses have capacity, and about making that work more flexibly?

**Mr. Michael Mills:** Absolutely. We look at it through three lenses. First, we have a lot of information on the indigenous business community generally, from Statistics Canada and others. We're looking at where the business capacity is from a sectoral perspective and trying to ask how we could target procurement strategies in certain sectors where we know there's indigenous capacity.

We definitely look at it geographically, looking particularly, as an example, at the north, at Nunavut. We have very specific targets for how we get Inuit businesses into procurement in Nunavut.

Third, for all of our large projects, we always start from a place where, like I said, we have indigenous by default at the start. What is the indigenous aspect for this procurement? Can it be a prime? If it's not a prime, how do we maximize opportunity for indigenous businesses? Absolutely, on the big procurements, we look at it through a lens of how we can have some indigenous elements.

**Ms. Rachel Blaney:** Thank you for that.

This is my last question, I know that identity has come up quite a lot in the last while. We know that when people claim false identity, indigenous people trying to get into the field are the ones it really punishes. You were very clear that ISC is the one that helps guide you in that. What does that discussion look like, in terms of figuring out how to do that better? Especially now that there's such public pressure on it, I would imagine that those discussions are more fluid. Could you share what that process looks like?

**Mr. Michael Mills:** I'll be quite quick.

The conversation is very focused on what the role of indigenous communities could be, in terms of identification. We've heard loud and clear from indigenous leaders that they want to be able to validate that people claiming membership in their communities are valid members of their communities and that those businesses are indeed indigenous businesses, according to their principles.

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

Mr. Genuis, we'll go back to you.

**Mr. Garnett Genuis:** Thanks, Chair.

I have a comment off the top. It's pretty incredible to me that the Liberals are still trying to defend Randy Boissonnault. We saw that with Mr. Sousa's comments.

Just to be clear about the facts, GHI was owned by Randy Boissonnault. It appears that he dumped his shares—yes—at the last minute. He dumped them in June this year. He owned and directed this company while sitting in the federal cabinet and while pretending to be indigenous.



I don't think that Mr. Sousa pointing out that the Liberal ex-minister dumped his shares at the last minute is much of a defence. This company was owned by the ex-minister, who falsely claimed it to be indigenous-owned. False claims about his indigenous identity were made by the Liberal Party itself. This is why it's an important issue. All of the events around the bids on these contracts happened while he owned the company and while he was still sitting around the federal cabinet table.

I have a follow-up question to the officials on the issue of indigenous identity fraud.

The AFN has said that a majority of the beneficiaries of these programs are shell companies. This is testimony that's been backed up by others. Many concerns, as you've heard, have been raised by indigenous leaders about rampant abuse, in particular, about indigenous identity fraud and various structures that seek to present non-indigenous companies as indigenous through abusive joint ventures and other things. Meanwhile, you're telling us that the government department, Indigenous Services, which is responsible for overseeing this framework, has failed to refer even one single case of indigenous identity fraud to you.

There seems to be a massive disconnect then between what indigenous leaders are saying, on the one hand, about rampant abuse and what they're saying, on the other hand, about the failure of the government department responsible for this to refer a single case of indigenous identity fraud. How do you explain this discrepancy?

• (1135)

**Mr. Michael Mills:** I've been in contact with my colleagues and counterparts at Indigenous Services Canada. They have followed up with the AFN. They have invited the AFN to provide specific names. We have not, to my knowledge, received the specific names.

If the AFN were to furnish the names of the companies that it is concerned with, we will absolutely look at them and will do an assessment.

**Mr. Garnett Genuis:** I'll just say that you have significant concerns from many different indigenous leaders. It's not their job to police the specific enforcement of the program. They're seeing a problem in general.

You would expect that government departments would be able to assess these bids and identify the problems. When you don't have a single case identified by the government, it suggests that there's a lack of interest, a lack of capacity or whatever it is, to actually enforce the basic parameters of this program.

Isn't it your job to...well, maybe not yours as particular individuals, but isn't it the government's responsibility to enforce this program and not that of indigenous leaders, who are outside of government?

**Mr. Michael Mills:** Again, my understanding is that Indigenous Services Canada periodically is doing verification of the businesses in the indigenous business directory. Some businesses will be removed over time because they'll have changes in business status or whatnot. In their work in verification, they have yet to refer one to us on the pure basis of misrepresentation.

**Mr. Garnett Genuis:** It just seems to me, though, that maybe you should offer a contract to some of the folks at The Globe and Mail, because they are turning up all kinds of information about abuses in this program. Global News and others have exposed critical information about abuses of this program.

The government can't identify a single instance of indigenous identity fraud, it seems, yet media and indigenous leaders are bringing all of these cases forward. I just don't understand where the disconnect is.

**Mr. Michael Mills:** There is one area that is very technical. To my understanding, for some of the businesses that Global News, the First Nations University of Canada and others have identified as not having indigeneity, their respective businesses are part of an indigenous organization that may not be recognized by those bodies, but it is recognized by the Government of Canada.

**Mr. Garnett Genuis:** You have an instance where you have communities that are not considered indigenous communities by mainstream indigenous organizations, but they are by the Government of Canada. That's another issue.

How do you explain the fact that there isn't a single case? Is the government listening to what indigenous leaders are saying?

**The Chair:** Give a brief answer.

**Mr. Michael Mills:** Again, Indigenous Services Canada is doing verifications, and perhaps the explanation is that the veracity of this misrepresentation isn't there.

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

Mr. Kusmierczyk, welcome back.

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

Thank you so much for your testimony here today.

We've heard from indigenous witnesses representing organizations and businesses across Canada how important the PSIB, the procurement strategy for indigenous businesses, is and you highlighted that fact.

The Government of Canada enters into 400,000 contracts, purchases or transactions worth \$37 billion, and 5% of that, set aside for indigenous businesses, could make and is making a huge difference for indigenous communities and businesses across Canada, but our conversation is about strengthening this program, and it's about strengthening the integrity regime as well.

The previous Harper government's integrity framework had significant weaknesses. I'd like you to speak about the fact that under the old Harper integrity framework, a company like GHI would still be allowed to operate. There wouldn't be any avenues to ban or suspend their contracts with the federal government.

Can you speak about the weaknesses of the old Harper integrity framework and talk about the improvements that have been introduced by this new Office of Supplier Integrity and Compliance? What are the differences?

• (1140)

**Ms. Catherine Poulin:** Thank you so much for the question. I will start and will turn to David for him to explain.

As I mentioned previously, I think the main improvement we have seen with the launch of the Office of Supplier Integrity and Compliance is to have moved from a system that was only oriented to criminal charges and conviction to a system that is much broader in the way it considers ethics and business and that offers very much more triggers for us to act.

**Mr. David Naus (Director General, Departmental Oversight Branch, Department of Public Works and Government Services):** Building on Catherine's initial response, we have built on the initial regime based upon our departmental experience to date. Some of it has been adding additional triggers, adding new offences. Previously, it was largely based on economic offences or anti-competitive behaviour. We've expanded that scope to include some other Criminal Code offences, to work that aspect into it and to broaden the net that's being cast with regard to suppliers.

We also are looking at further flexibility with regard to those suppliers that raise our attention. If they are debarred by another jurisdiction, we would like to have a conversation with that supplier regarding the misconduct that triggered the debarment elsewhere. If you have a civil judgment against you with regard to an offence that would be similar to one of our listed offences in Canada, that is also a triggering event.

In addition, we've also expanded the scope of what we classify as "business ethics". We're including consideration of offences tied to human trafficking or forced labour, environmental violations, the labour code and things of that nature, just to become a little bit more of that corporate social responsibility aspect behind the government's approach to the permanent suspension.

In addition, we're also looking at integrating greater flexibility with regard to how we respond to misconduct. We have the flexibility to cast a broader net, but we also have additional flexibility on how best to respond in a manner that is more commensurate with the risk that supplier poses to the procurement system. Previously, it was a 10-year debarment. That was it as a reaction. This now is a little bit more: We can get up to 10 years, but it's much more of a consideration of the criteria and factors associated with the specific circumstances of that supplier.

**Mr. Irek Kusmierczyk:** Are there any incidences you can point to that led you to make the conclusion that, ah, we need to change the integrity regime, the framework, and we need to augment it with these new sets of rules and triggers? Are there incidences that you can point to?

**Mr. David Naus:** There are a number of instances particularly that jump to mind with regard to one aspect of it: provincial equivalence. Under the previous regime, we did not look at provincial equivalence to one of our listed offences. There are tax offences at the federal level as well as the provincial level. If someone ran afoul of a provincial tax authority and received a conviction, that

wasn't recognized under the previous integrity regime. It is now, under the changes we've just adopted.

• (1145)

**Mr. Irek Kusmierczyk:** That's great.

How much time do I have, Chair?

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

**Mr. Irek Kusmierczyk:** Okay.

**The Chair:** We have Mrs. Vignola, please.

[*Translation*]

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

I would like to follow up on what was said earlier.

Let's say that, after the contract is signed, the indigenous business realizes that the non-indigenous business is relegating it to the side. Does the indigenous business have the ability to sound the alarm and report the situation while the contract is being carried out? Perhaps the non-indigenous business is not adhering to the terms of the contract and the indigenous business is actually being used as a front. That is unacceptable.

Can the indigenous business alert you so that you can promptly investigate?

**Ms. Catherine Poulin:** Thank you for your question.

While the contract is being carried out, a contracting authority and a technical authority supervise the service being delivered or the product being made.

The first consideration would certainly be to report the situation to the client that hired the business under the contract.

The second consideration would be to contact Indigenous Services Canada to clarify the measures related to a joint venture business and find out what can be done.

If someone knows or suspects that something criminal is going on, they can certainly report that information to the RCMP.

The last point I wanted to raise is that we work very closely with the competition bureau and the RCMP. We set up a hotline for reporting fraud. Anyone in the supply chain who is experiencing a problem or believes they have a problem related to a contract or a supplier can call the hotline with their concerns. They can remain anonymous if they wish.

We look at those reports on a weekly basis. Sometimes, when combined with other information, they give us a clearer picture of what's going on.

**Mrs. Julie Vignola:** Quickly—

[*English*]

**The Chair:** I'm sorry. That is our time.

Ms. Blaney, please go ahead.

**Ms. Rachel Blaney:** Thank you, Chair.

There's a question I would like a little bit of clarity on. I understand that there haven't been any charges—that you're aware of—of businesses using a false identity to get contracts and to get resources for that. That is concerning to me.

It also sounds to me like the only pathway forward is simply to remove a business from the list. I would hope that there would be a higher level of accountability. Just removing a business from the list is a very passive action. It doesn't really address the fact there has been an element of fraud and that people are claiming indigenous identity when the community does not see that as belonging to them.

Are there any actions beyond simply removing the business from the list? Are there any discussions about looking at that and making sure there's a level of accountability that is higher?

**Mr. Michael Mills:** Again, as I stated in my opening remarks, we're really concerned about protecting the integrity of the procurement system. If a business is being removed because they were misrepresenting themselves, we would like that to come to our attention.

I'll turn to Catherine, who can talk about some of the tools she may have if there's a case of misrepresentation.

**Ms. Catherine Poulin:** Thank you so much.

What I can offer to complement the answer is that, again—as I mentioned it previously—the authorities that we got are very recent. It's not intuitive for people to think of us, because our past authorities were based on criminal charges and convictions. We are super pleased about those new authorities. We are implementing them. I have reached out to all our counterparts within the federal government to explain those new authorities and what role we can play in deterring such behaviour.

As the deputy mentioned, if the reason to remove somebody from the list is linked to fraudulent behaviour, we can play a role, and we are ready to play that role. However, we are counting on the lead operational agency or authority in that domain to refer the case to us in order for us to assess if it meets the criteria under the ineligibility and suspension policy and maybe action a broader response to those types of conduct, if I can say that.

• (1150)

**The Chair:** Thank you very much—

**Ms. Rachel Blaney:** I'm just wondering—

**The Chair:** That is your time, unless you have a very quick question and they can get back to us in writing.

**Ms. Rachel Blaney:** No. It's fine, Chair

**The Chair:** Thanks.

We'll go to Mrs. Block and then we'll finish with Mr. Bains.

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

I will be splitting my time with my colleague, Ms. Kusie.

Thank you as well to the witnesses for joining us. You are a fairly new office, given your creation in May of this year. I simply would note that it was in fact the deputy minister for PSPC, Arianne Reza, who stated on June 3 that the creation of OSIC would help the department “respond more effectively to cases of supplier misconduct and unethical behaviour”.

I'm guess what I'm hearing today is that the work you will be doing is very reliant on whether departments refer these cases to your office. Is that correct?

**Ms. Catherine Poulin:** Thank you so much.

It's important to mention that we can do two things.

We can self-assess some cases based on other sources of information. It's what we did in the case of GHI, because it came through means other than an authority within a department.

Also, for internal misconduct within the government or within the operation of a department, we of course will rely on their knowledge of their program to refute a case, but this doesn't preclude us from self-assessing based on other sources of information.

**Mrs. Kelly Block:** Okay. Thank you for that.

Mr. Mills, in your opening statement, you stated that because PSPC gives out such “large contracts”, the department can really only look to get indigenous businesses involved as subcontractors.

However, we have learned over the last couple of years, as we've been studying everything that's been going on in procurement, that departments don't track subcontractors. How is it that you can say that PSPC is focused on getting indigenous businesses involved as subcontractors when you aren't even tracking subcontractors?

**Mr. Michael Mills:** What I can say is that for those very large transactions, many of those will require Treasury Board authorities, and I will see that Treasury Board submissions or the procurement results will sometimes require deputy minister approval. I will see that the contracts that are being awarded do have indigenous participation plans and they have target levels, so I know that the activities are being identified at those contracts.

We haven't been systematically capturing that value. That's what we're focused on as a department this year: to make sure that we're systematically capturing where we have those indigenous participation plans or what the level of involvement is. I do agree that it has been a big gap up until now, but I have seen these contracts going through.

I just want to clarify that there are some cases where indigenous companies are the prime. I know that in the Arctic warning system there is actually an Inuit company that is the prime. It's just generally that in most cases in our large projects like the Centre Block rehabilitation, there's no construction company in the indigenous space that can carry that out.

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

Ms. Kusie.

**Mrs. Stephanie Kusie (Calgary Midnapore, CPC):** Thank you very much.

Mr. Chair, as I'm sure you're well aware, there are many issues that Canadians are seized with at this time: obviously, there's the privilege motion in the House of Commons, where the government is refusing to hand over the documents regarding the green slush fund.

As a result of the good work of this committee, we saw a resolution of the case with the minister of employment, where he finally recognized what he was doing was wrong. Because his Prime Minister would not take responsibility for removing him, he finally resigned. I really believe that a lot of that has to do with the good work of this committee.

The other issue, Mr. Chair, that this committee and Canadians are seized with is the \$9-million residence in New York. We have had Mr. Clark here twice now to testify. We have found that he has not been truthful with this committee.

Comments that he has referred to as comments “in passing” definitely appear to be more than that. We have had colleagues on this committee say that comments in passing include things like “the weather today is gloomy”, or “we are getting close to the holidays”, but the comments Mr. Clark made are significantly more in depth and show much more of his involvement in choosing this \$9-million residence. I believe there is a yearning from both Canadians and this committee to know more from those who were there, Mr. Chair.

With that, I'm moving the following motion:

That the committee call Mario Bot, the Director of Management at the Consulate General of Canada in New York, as well as the three other individuals in the room when Mr. Clark made “comments in passing” about the residence as he stated in testimony November 21, and that one additional meeting be held on this study to accommodate these witnesses.

Again, Mr. Chair, he says they are comments in passing. It is evident that we need more information—

• (1155)

**The Chair:** I'm going to interrupt you for two seconds.

It went out a few days ago, but the clerk is sending it out again.

**Mrs. Stephanie Kusie:** Thank you very much.

It's evident that we need to get to the bottom of these “comments in passing”. Were they very simple comments in passing, such as, once again, “We will soon be in the month of December”, or was there something more significant indicating—as we suspected, or as we determined—that Mr. Clark had a more significant role in convincing his good friend the Prime Minister to purchase him this \$9-million residence?

Thank you very much, Mr. Chair.

**The Chair:** Thanks.

I'll start with Mr. Sousa.

Before you continue, I'm starting a speaking list. Remember, I will announce the current speaker and whoever else is next on the list, so pay attention.

Go ahead, Mr. Sousa.

**Mr. Charles Sousa:** Thank you, Mr. Chair.

There have been a number of meetings. I think we've had over seven meetings already on this issue. You're making reference to an individual who is now retired and a private citizen. Also, you're making reference to individuals who are mid- to low-level and have no decision-making issues here.

Tom Clark appeared before us. He wrote a letter. He was under oath. He stated his position very clearly. In the end, what we found and noticed is that decisions were made through a very extensive process. The comments that may have been made were certainly not relevant to the decision, because those comments were similar to those made by previous Conservative individuals who had a mission in that very same city.

I think this is a moot point. I wouldn't proceed further, given we have such important business to attend to that is more relevant, as we go forward. I get how this is being used as a film studio for media clips by the member opposite. However, we have some important business, Mr. Chair, and I think we should turn this down.

**The Chair:** Is there no one else?

Are we ready to go to a vote?

(Motion negated: nays 7; yeas 3)

**The Chair:** We'll go to Mr. Bains for five minutes.

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

Thank you to the departmental officials for joining us today.

Madame Poulin, you mentioned new authorities—something that has changed from previous governments. I want to clarify whether it is because of this.

Have more investigative powers, in some manner, led to more findings of misconduct? You talked about authorities. Can you talk about findings? Do you have more resources or tools to find these things out?

• (1200)

**Ms. Catherine Poulin:** Thank you for the question.

I will divide the answer into the authorities and the resources we get.

In terms of authorities, provisional suspension like the one we just did is certainly an authority we are welcoming. It is very useful to mitigate the risk, and it is more aligned with the timing of the action. As I mentioned before, we had to wait for criminal charges or convictions. Our reaction time was too long for that. This is something we appreciate.

Of course, with the launch of the Office of Supplier Integrity and Compliance, resources were given to us. We received around \$6 million to hire more people. This is divided into multiple teams. We have more investigators and more people within the determination teams. We created a little team for restitution.

Yes, we have seen an increase in our response to wrongdoing, and in our ability to recover funds from some of that wrongdoing.

**Mr. Parm Bains:** That's resulting in more transparency, essentially.

**Ms. Catherine Poulin:** Yes.

**Mr. Parm Bains:** On October 17, we had PSPC officials appear as witnesses. We talked about that essential and distinct role that ISC plays in the indigenous procurement.

I wanted to reconfirm some aspects of that testimony.

It is Indigenous Services Canada's responsibility to develop the definitions for indigenous business and rules for the IBD and PSIB.

Is that correct?

**Ms. Catherine Poulin:** This is my understanding.

**Mr. Parm Bains:** Okay. Fraud prevention in regard to the indigenous business directory and procurement strategy for indigenous business is the responsibility of the ISC. Is that also correct?

**Ms. Catherine Poulin:** That's also correct.

**Mr. Parm Bains:** In November 2024, the Minister of Indigenous Services told the committee that the Office of Supplier Integrity and Compliance can consider any instances of perceived fraud and misconduct related to procurement strategy for indigenous business.

How is it possible for OSIC to consider any instances of fraud if ISC is responsible for establishing the rules and definitions, and performing compliance audits?

**Ms. Catherine Poulin:** Thank you for the question.

It's important to distinguish the lead department authority—in that case ISC—that is responsible for determining which suppliers belong to the IBD or whether a business has made a false claim of indigeneity. They know their business, they know their criteria and they can come to such a conclusion.

Once they have reached that conclusion, it's true that they can refer those cases to us and we will assess their finding to see if we can have a broader response to that type of misconduct by maybe contemplating suspension or debarment of such a supplier.

**Mr. Parm Bains:** That broader ability is an added verification, an added measure or added layer to the work that's being done.

**Ms. Catherine Poulin:** Exactly.

**Mr. Parm Bains:** How would your office address an allegation that a supplier falsely declared itself to be indigenous for the purpose of gaining access to the programs encouraging indigenous procurement if ISC is responsible for defining and verifying who qualifies as indigenous for this program?

It's a little bit of a different question.

**Ms. Catherine Poulin:** Yes, it's a similar answer. However, OSIC has no role in that. We cannot play that role. We have no authority to determine if a supplier belongs in the IBD.

**Mr. Parm Bains:** Thank you.

**The Chair:** Thanks, Mr. Bains.

Witnesses, thanks for being with us again. Before you go, I just have a quick question.

You mentioned there was one contract bid by GHI for January 2024. Would you provide us with the RFP and all details of that?

I realize that no money has been paid out, but can you give us the details of the RFP in writing? Can you give us a copy of that and also a copy of the bid that they put in?

**Ms. Catherine Poulin:** Thank you. We will look into—

**The Chair:** No, you will do it.

**Ms. Catherine Poulin:** We will provide. We will gather the information and we will provide it.

**The Chair:** Thank you very much. We're suspending.

*[Proceedings continue in camera]*





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