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Chair

Mr. Tom Lukiwski

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• (1135)

[English]

The Vice-Chair (Ms. Yasmin Ratansi (Don Valley East, Lib.)): I call the meeting to order.

Ladies and gentlemen, our chair seems to be indisposed. He will be here momentarily. In the meantime, I'd like to welcome the minister and ask the minister to introduce the people who are accompanying her.

With that, Minister, you have 10 minutes for your opening remarks.

Mr. Erin Weir (Regina—Lewvan, NDP): Before that, I was just wondering if we could clarify whether the minister is going to stay with us for a full hour?

The Vice-Chair (Ms. Yasmin Ratansi): Yes. She's staying with us for a full hour. Isn't that right, Minister?

Hon. Carla Qualtrough (Minister of Public Services and Procurement): Yes. You have me for an hour. I moved things around. It's all good.

Thank you. Good morning, ladies and gentlemen. It's a privilege to be here with you today.

Of course, this is my first meeting with your committee in my new capacity. I'm joined today by deputy minister Marie Lemay and associate deputy minister Les Linklater from Public Services and Procurement Canada, as well as Ron Parker, who is the president of Shared Services Canada. They each have a couple of officials with them. Both organizations provide services that are critical to federal government operations and to providing programs and services to Canadians.

Today I'll update members on key priorities in the supplementary estimates (B), but first I want to talk about our number one priority, which is to stabilize the Phoenix pay system, of course.

Madam Chair, there's no higher priority for our government than providing public servants with reliable and accurate pay. More than half of public servants are facing some form of pay issue, and I am truly sorry for the hardship this situation is causing them and their families. We're doing everything it takes to resolve this completely unacceptable situation.

Last week the Auditor General tabled his first report on Phoenix, which confirmed the findings of earlier reviews, such as Goss Gilroy.

Our government accepts all of his recommendations and has already taken steps to fully act on them.

In my opinion, the decision by the previous government to treat pay modernization as a cost-cutting measure instead of a complex enterprise-wide business transformation exposed this project to significant risk. They spent \$309 million to create an unproven and flawed pay system and prematurely booked \$70 million per year in savings. The design and implementation were rushed and staff were not trained. In fact, 700 specialized compensation staff were terminated before Phoenix was launched. Many were given notice as early as April of 2014.

When Phoenix was launched, the existing pay system, which was slated for decommissioning, was in poor shape and at high risk of failure. Senior officials advised that Phoenix was ready to go. Frankly, there were no other options on the table.

With all this being said, while we didn't create this problem, it's ours to fix. Once launched, Phoenix's problems ran so deep that it took time to understand what was wrong and to identify solutions to stabilize the system. These serious issues continue to present challenges today.

As the Auditor General notes, there is no quick fix, but we're going to do whatever is necessary to ensure that public servants are paid accurately and on time. To get this right will require time and additional investments.

[Translation]

We are implementing a series of measures focused on bringing the pay system to the point of stability. These measures, developed with employees, departments, agencies, and unions, build on previous actions. They aim squarely at reducing the backlog of late transactions and wait times for missing pay.

Going forward, our efforts to stabilize the pay system fall into four broad areas, namely, governance and informed decisions; improved processes and technology; increased capacity and service; and partnership and engagement.

Robust governance is key to making accountable and informed decisions. The working group of ministers created by the Prime Minister in April is ensuring that we take a whole-of-government approach.

•(1140)

[English]

An integrated team of senior officials from PSPC and Treasury Board Secretariat is leading our overall efforts to stabilize the system. Their work is supported by a deputy minister's oversight committee and interdepartmental working groups.

To improve processes and technology, we are addressing the root causes of problems in connecting human resources to the pay system, including the inconsistency between Phoenix and the patchwork of 32 HR systems in place across government. Many current pay delays are the result of common HR practices and processes that don't work with Phoenix. Solving these issues means looking at how pay requests are generated in departments—the HR processes to enter transactions, approve them, and send them to Phoenix.

Our solution is integrated from initial staffing action to pay request to pay receipt. A holistic approach ensures our pay system works effectively and efficiently from start to finish.

To increase capacity and improve service, the Government of Canada announced in May an investment of \$142 million to hire more compensation staff. Since then, 380 employees have been hired, which brings the total number of compensation staff added since going live to 680, in effect more than doubling the staff complement we had when Phoenix was launched. We plan to add up to 300 more over the next several months.

[Translation]

Finally, we are strengthening partnerships and engagement.

A union-management committee on Phoenix meets regularly to discuss issues and solutions. Also, we are providing and will improve reporting and data analysis to departments and agencies that will better inform decision-making.

While our immediate priority is to stabilize the pay system, we are also exploring longer-term options to ensure we have a system that is sustainable, reliable, and efficient.

I would like to now turn to other key priorities, beginning with the review of Canada Post Corporation.

The committee's report provided important guidance to the government. We heard you loud and clear on the need to balance the delivery of an important public service with business sustainability.

Canadians can expect an announcement on the future of Canada Post Corporation in the not-too-distant future.

[English]

With regard to Shared Services Canada, our government has already taken concrete action to ensure it has the resources needed to deliver enterprise-wide IT infrastructure that is modern, secure, and reliable.

For initiatives that are now under way, \$359 million in new funding was provided in the 2017 fall economic update. Another \$106 million will support ongoing projects to better defend

government networks from cyber-threats, malicious software, and unauthorized access.

This funding addresses key points contained in an independent external review, which concluded that a centralized shared service delivery model for IT infrastructure is the correct approach but which also found that Shared Services Canada has an operational funding gap.

[Translation]

Modernizing federal procurement is another key priority. Procurement needs to be simpler, faster, and better focused on results. Work is well underway to bring federal procurement firmly into the 21st century. For example, we are streamlining requests for proposals to make it easier to bid on government contracts, and are considering how we can pay our suppliers faster.

We are working toward a new e-procurement solution.

[English]

To increase competition and achieve better value for Canadians, we now allow bidders a second opportunity to comply with some mandatory requirements before making final assessments and contract awards.

Beyond making a purchase at the lowest price, we want to leverage procurement to effect positive change, grow our economy, and build a better country for all Canadians. The procurement strategy for aboriginal business, for example, is designed to foster aboriginal business development and participation in federal government contracting. I am pleased that this committee is now examining this strategy.

Our procurements must also be accountable, ethical, and transparent. Yesterday I announced that we will develop guidelines with respect to the ethical procurement of apparel. Canadians want to be assured that the clothing worn by public servants in uniform is made from ethically sourced materials.

I'll turn now to the national shipbuilding strategy, which is rejuvenating our marine industry, supporting Canadian innovation, and bringing jobs and prosperity to many communities across Canada.

In Vancouver, Seaspan Shipyards has completed the first of three offshore fisheries science vessels. This is a significant milestone for our shipbuilding industry.

In Halifax, the construction of the first two Arctic and offshore patrol ships is well under way, with the first ship over 60% completed. Delivery of this ship is scheduled for 2018.

We're also moving forward with the largest project, the Canadian surface combatant, which will form the backbone of the Royal Canadian Navy. Bid solicitation closes in two days, and the bids will be evaluated jointly by the Government of Canada and Irving Shipbuilding. This process is expected to be completed next spring, when a preferred bidder will be selected.

I have a few words now on the supplementary estimates (B) for 2017-18.

Shared Services Canada is seeking \$23.5 million in additional funding. This involves transfers of \$8.8 million from other departments, including Public Services and Procurement Canada, to support projects, as well as the re-profiling of \$13.5 million from 2016-17 initiatives, such as the renewal of high-performance computing storage and services for Environment and Climate Change Canada.

I recently helped unveil the new supercomputer at the Canadian Meteorological Centre in Dorval, which will produce information that will benefit families, industries, and anyone who relies on accurate weather forecasts in their day-to-day lives.

Mr. Chair, I want to thank the employees of Shared Services Canada and Public Services and Procurement Canada for their commitment to excellence in all that they do. I especially acknowledge the employees at the pay centre and our satellite offices, as well as the compensation staff in departments and agencies not serviced by Miramichi for their tireless efforts to ensure that their colleagues are paid on time and accurately.

• (1145)

Thank you. I'm happy to answer any questions.

The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)): Thank you very much, Minister.

Thank you also for agreeing to be with us for the full hour to allow our committee members to ask questions. I know originally we had scheduled you from 11 a.m. to 12 noon.

Mr. Parker, Ms. Lemay, it's good to see you both again.

We'll start immediately with questions. We'll go to a seven-minute round, starting with Ms. Ratansi.

Ms. Yasmin Ratansi: Thank you, Minister, for being here. I'm hoping that you're settling well into your new role.

As you know, we've been seized with Phoenix because we believe that nobody should be left without pay. I'm sure you all agree with that.

In the Auditor General's report, we note that 1,200 pay advisor positions were eliminated in 2014. This elimination of institutional memory has caused some of the challenges that you talked about. The savings of \$70 million that were recorded were premature, so it was ill thought through. The complexity of what Phoenix was supposed to do, the merging of 46 departments and then another 101 departments, was not realized by the previous government. We understand there is no plan B, that there's no alternative to Phoenix, and so the government will not scrap it.

Going forward, to ensure that we do have some sustainable solutions, what are some of the steps you're taking, Minister, to ensure that we have certain structural changes? If you could help us understand what's going on, it would be appreciated.

I see that Mr. Les Linklater is here, who is perhaps the Phoenix expert.

Hon. Carla Qualtrough: Thank you for the question.

There's a lot of detail in there, but I'll focus on the actions moving forward.

We have put our measures into what I would call four buckets, or bigger areas of focus, as we move forward towards stabilization and ultimately a fully functional, integrated HR-to-pay system.

I pause to say how important it is to understand that this isn't just about a piece of software; this is an end-to-end user experience in which the way people input the data into HR systems, the way the HR system then connects and interacts with the pay system, and the way the pay system then generates pay are all connected. We talk about Phoenix, but what we're really talking about is a massive end-to-end HR-to-pay experience. When I use the term "Phoenix", I'm going to be using it in that broad context, not simply as the PeopleSoft software that is the IT piece of this.

Anyway, of the four areas that we are focusing on, first is our governance and oversight. We're putting rigour and thought into how we are ensuring accountability and oversight, starting with the ministers' working group, then the integrated team led by Les—which is also a partnership with Treasury Board—and then the deputy ministers' oversight committee.

As we move forward, we're going to build and maintain those governance structures. We have a project management office. We are looking at a performance measurement and reporting framework in developing performance metrics. There are metrics that we track already, and have for some time, but what other metrics can tell us that there's continuous improvement and that we're steering in the right direction? We're looking to establish an expert advisory panel, which is well under way.

The next thing is business processes and how we are going to improve them. We're looking at adjusting the pay centre delivery model and implementing the concept—which Les could elaborate on, but I won't, due to time—of pod pilots, whereby we really focus on getting the same group of people to attack the same type of transaction over a long period of time.

We're conducting and assessing a root cause analysis to implement short-term priority fixes, so we're looking to understand not only the root causes of these technological and business process challenges but also what we can do now as short-term fixes. Quite frankly, these could be workarounds or could make a system more clunky, but in the meantime we want to know what short-term fixes we can put in place>

We're doing an HR-to-pay assessment. We're looking at what policies we have to change. For example, is it how we manage acting pay that causes a challenge when that acting pay request is put into the HR system and then flipped to Phoenix? All these different processes have to be looked at under the lens of the end user experience, and of course we're looking at the technological changes, challenges, and fixes, if you will, that will have to be put in place.

Increasing capacity is the third big bucket, primarily referring to the human resource capacity. As you've said, and as I've said in my speech, we've already hired 380 people. We're putting in place 300 more to try to augment the human resource capacity needed to actually run these systems. We've created a client contact centre to help public servants get the support they need to navigate this system. We are realigning the IBM contract to add some capacity there—

• (1150)

Ms. Yasmin Ratansi: Minister, I probably have one minute left. I'm just going to ask you one last question.

In all these governance structures that you have implemented, what are some of the challenges you are encountering?

We've heard about the ministers' working group and the DMs' working group, Madam Lemay has been here about six times already, and we've heard repeatedly about moving forward. The underlying problem hasn't been solved. Could you give us some analysis of what's being done there and what the challenges are that you face?

Hon. Carla Qualtrough: The overarching challenge is understanding the whole-of-government approach to getting this steering in the right direction. This is not just the responsibility of PSPC and Treasury Board, although the leadership and accountability definitely lie there. This is a whole-of-government approach, because it isn't just the pay centre in Miramichi. It's the satellite offices. It's the other departments that have HR and pay in place. We have to look pan-governmentally at all the challenges, the systemic challenge, whether it be policy, process, technology, or training. That all has to come together. I think we now have a pan-governmental view on where we need to go and how to get there.

The Chair: Thank you.

Mr. McCauley is next.

Mr. Kelly McCauley (Edmonton West, CPC): Thank you. Welcome, Minister. It's nice to have you with us.

First of all, I want to express my disappointment. Both we and the NDP reached out to the other side, making it clear that we wanted to make this a non-partisan meeting to work toward agreement. We're disappointed that you would start right off with your talking points attacking the previous government and placing blame, which your predecessor was so good at. We just want to get on.

The PBO has stated that as of June, we still didn't have a comprehensive plan for Phoenix. When will we actually see a published, comprehensive plan?

• (1155)

Hon. Carla Qualtrough: I'm very confident the measures we have in place.... Les, is it published? Is it online?

Mr. Les Linklater (Associate Deputy Minister, Department of Public Works and Government Services): Yes.

Hon. Carla Qualtrough: Yes. The measures that I just talked three-quarters of the way through are published online. This is a working, breathing assessment of the steps we are taking moving forward as we adjust and reset course.

I do apologize for the beginning. My comments were only meant to explain my assessment of the reasons we got here.

Mr. Kelly McCauley: I think if you had read all the 15 other meetings and the AG report, you would have gone in a different direction.

The AG report states that you've engaged an external consultant about a working plan. Is that the one you said you've published online?

Hon. Carla Qualtrough: We have engaged Pricewaterhouse and we have a plan from which we've built our own set of measures and a comprehensive approach to this, so yes.

Mr. Kelly McCauley: Whose decision was it to re-engage PricewaterhouseCoopers? I understand through looking at this that they were a big part of the problem from the beginning. Am I correct on that?

Ms. Marie Lemay (Deputy Minister, Department of Public Works and Government Services): I can answer that. In June or July, right after launch, I had a conversation with them as to whether there was any way they could look at the processes and come up with some suggestions, as we were focusing on addressing pay issues. We re-engaged them toward the end of the fall to look at this comprehensive approach.

Mr. Kelly McCauley: Okay, thanks.

Minister, the Auditor General has commented that the HR-to-pay integration makes things more complex for Phoenix, and of course we've heard from day one that the complexity of the system is a big part of the problem.

Is this going to make it worse, and do you agree with the Auditor General's comments?

Hon. Carla Qualtrough: I agree that this is a very complex system—

Mr. Kelly McCauley: It was specifically on the HR-to-pay—

Hon. Carla Qualtrough: I would have liked to have seen a system design that took the HR component into account. I think the Auditor General is absolutely correct that this makes it complex, but that's the reality we're living in.

People don't enter the data into Phoenix right now; they enter it into an HR system, which then interacts with Phoenix, which then generates pay. It's really important we see that, because if we don't have HR systems that properly connect with the pay system, no matter how great the pay system is, it's going to be clunky on the HR side.

Mr. Kelly McCauley: So you agree with the AG?

Hon. Carla Qualtrough: I agree that this is a very complex system, yes.

Mr. Kelly McCauley: That's fine.

The Chair: You have four minutes.

Mr. Kelly McCauley: Great.

I want to switch over to issues we're all having at our constituency offices.

Earlier our chair from public accounts stated that even though he's in a rural office with very few government workers, Phoenix is now the number one thing they're hearing about. We're hearing a lot in Edmonton West. We used to have a system set up whereby constituency office workers could call in, and they'd have a designated person to help them. We're finding now that the designated person is saying they can't help anymore.

Can you commit to setting up this system again for MPs so that we can help these worst cases that are coming to our offices, who are having such a hard time fighting through the call centre waits, etc.?

Hon. Carla Qualtrough: We made a conscious choice, working with the unions, to focus on a certain type of transaction. The priority transactions at first were disability and maternity or parental claims, and it was a conscious choice not to have MPs' offices take priority over those kinds of cases.

The important piece I think you're referring to is the lines of communication aren't clear, and we can definitely work on them—

Mr. Kelly McCauley: Let me interrupt you. From what I've seen from reports, Madam Lemay, you've reached 90%. You've reached your goal for the maternity leave and this and that. If we're reached this steady state on those issues, why are we still at a point where the constituency office has calls about people who haven't been paid or are overpaid, getting harassed, and we're still getting the same response—that they should check again in two or three months? Can we not get back to having MPs being able to help constituents?

Hon. Carla Qualtrough: I do think it's unacceptable that you're not getting a response more quickly than that and I can definitely look into it. At this time I can't commit to the solution to that unless... Can you provide any further insight into why someone wouldn't be getting...?

Mr. Kelly McCauley: Again, this is for all of us MPs. It's not a Conservative issue and it's not a Liberal issue. We are getting the cold shoulder.

Hon. Carla Qualtrough: No, no, I appreciate the nature of your question—

Ms. Marie Lemay: We can definitely reset the lines that we used to have to get the MP contact to connect to the hardship—

Mr. Kelly McCauley: When can we hear back from you when that's going to happen, please?

• (1200)

Ms. Marie Lemay: We can do that quickly. We could set a link with your office to the hardship line.

Hon. Carla Qualtrough: Yes, hardship cases are definitely brought to my office all the time from MPs, and a structure is in place to get those—

Mr. Kelly McCauley: When can we hear back from you that we can reset this so the MPs have a way to...?

Hon. Carla Qualtrough: It can be very done very quickly, within a couple of weeks for sure. I'm sorry; I misunderstood your question.

Mr. Kelly McCauley: Fantastic. That's good news.

How much time, Chair? I'm running out of time. I'm going to pass to the others. I'll switch off Phoenix.

Seeing as I've got you here, whose decision was it to spend \$550,000 to put that wrap on that government building a couple of blocks from here, the Canada Post building?

Hon. Carla Qualtrough: I know what you're referring to—

Mr. Kelly McCauley: It seems like an enormous waste of money to wrap a government building in \$550,000.

Ms. Marie Lemay: It was ours—

Mr. Kelly McCauley: When you say ours, who was it specifically?

Ms. Marie Lemay: It was PSPC and Canadian Heritage, because there was a component—

Mr. Kelly McCauley: Who was it specifically, though?

Hon. Carla Qualtrough: My understanding is that the rationale behind that has to do with the dilapidated state of a lot of the buildings and trying to make the building, as it's under repair, not be an eyesore as a backdrop for—

Mr. Kelly McCauley: Do you believe that's a good use of taxpayers' money, or could we commit to not having that repeated?

Hon. Carla Qualtrough: I can certainly commit to looking into it. I don't know that it was. Right now that was a pilot, and we're looking into whether we would do something again. I would commit to say that there may be a better use of money.

Mr. Kelly McCauley: Okay. Thanks for your time, and again, thanks for your commitment to getting the lines open again for the MPs. It's extremely important to our constituents.

The Chair: Thank you.

Mr. Weir, you have seven minutes.

Mr. Erin Weir: Thank you very much.

Madam Minister, you said, and I quote: “Canadians can expect an announcement on the future of Canada Post Corporation in the not-too-distant future.”

As I'm sure you're aware, our committee pulled out all the stops to present our report on the future of Canada Post in December of last year because the government said it wanted to respond in the spring of this year. We're now approaching the end of the year, so I'm wondering if you can commit that the government will respond to our report on Canada Post before Parliament adjourns for Christmas.

Hon. Carla Qualtrough: I can make that commitment, yes.

Mr. Erin Weir: Okay, so “the not-too-distant future” means in the next two or three weeks.

Hon. Carla Qualtrough: It's really the not-too-distant future. It's before Christmas.

Mr. Erin Weir: Okay. Thanks very much for clarifying that.

Regarding the Phoenix working group, you said, and again I quote: “The working group of ministers created by the Prime Minister in April is ensuring that we take a whole-of-government approach.” You also talked about a pan-government approach. I wonder what that means and what the working group is actually doing.

Hon. Carla Qualtrough: In my opinion, the working group provides a very targeted, calculated reminder every week we meet to every minister around that table, and as a result every minister at cabinet, that it is the responsibility of every minister to make sure that their people are paid on time. We ask deputies for updates on what they're doing in their department and what kinds of resources they could be committing. Ministers are expected to know numbers in terms of what their department is looking at: are the numbers headed in the right direction, and if not, why?

It does add a level of accountability and awareness that is significant, I would say.

Mr. Erin Weir: Do you feel that all the ministers on that working group are responsible for Phoenix, or do you take personal responsibility for the file?

Hon. Carla Qualtrough: It's 100% on me. My mandate rather clearly states that this is my number one priority. I feel lucky to have the colleagues I have around the table who are assisting in that regard, led by Minister Goodale. The oversight provided by that committee ensures the whole-of-government piece, but ultimately the buck stops at me to get this problem resolved.

Mr. Erin Weir: Thanks.

I'd like to reinforce something that Mr. McCauley said about the frustration that we have as MPs in not having tools to help constituents with Phoenix problems. If someone comes into our offices and needs help with employment insurance or immigration, there are hotlines that we or our staff can call to get answers. There's nothing like that in place for Phoenix.

In an adjournment debate with the parliamentary secretary back in March, I suggested establishing an MP hotline for Phoenix. I want to clarify when that's going to happen and that it's going to be comparable to the hotlines that we have for immigration and EI.

Hon. Carla Qualtrough: Yes. You and I had that conversation as well.

To my mind, it's about very cleverly and calculatingly using resources to the best. Every resource we pull off the backlog is not addressing the backlog. This idea has been discussed during my tenure a couple of times, and we need to methodically deal with the backlog using the priorities and lenses we've created.

I completely agree that we need to have a stronger line of communication. As for what form that will be, I'm not prepared to say whether it will be an actual hotline or what kinds of resources we'll dedicate. I have to look at options. I can commit, as I did, that within a couple of weeks I will make sure there are clear communication lines, but I can't tell you what that will look like.

• (1205)

Mr. Erin Weir: The perspective I would offer is that we have 338 constituency offices across the country that could be used as points of contact to help address the most problematic Phoenix cases. That's the logic the government has taken with immigration and EI. We don't hear the argument that people shouldn't be able to jump the EI cue by going to their MP's office. We say that the role of MPs is to serve constituents, and they need to have access to get answers. I really don't understand why the same logic wouldn't apply to Phoenix.

Hon. Carla Qualtrough: I do find that particularly compelling, and I will look into it. I guess I'm just mindful of every resource that we take off, and being clear, but I will definitely commit to looking into that.

Mr. Erin Weir: Can you give us a sense of how much the government is prepared to spend on fixing Phoenix?

Hon. Carla Qualtrough: We have to spend wisely. To date, depending on where you start the math—we could include the initial \$309 million—our government has put in \$143 million from this spring and \$50 million from last year on the satellite offices, and we have reinvested the \$70 million that was booked in savings over three years. Already you're up to, say, \$600 million, and more money will need to be spent. I'm not prepared to give you an exact number, because as we face each of these challenges, the numbers will change. However, at the end of the day, people need to be paid, and we're going to pay what it takes to get them paid.

The more interesting conversation will be around investments in stabilizing the current system and perhaps investments in exploring alternatives.

Mr. Erin Weir: Between the original cost of Phoenix and the money that's been put into fixing it, so far it sounds like we're pushing \$1 billion. I appreciate that you're not prepared to give a final number, but can you tell us at what point and on what basis your government will update us on the ongoing tally for Phoenix?

Hon. Carla Qualtrough: Absolutely. What I've just given you is the math to date. It's \$309 million, plus \$142 million, plus \$50 million, plus three times \$70 million. As we make further investments, we will immediately advise. We will make that public, absolutely.

Mr. Erin Weir: In the same vein, one of the troubling findings from the Auditor General's report was that there were "no comprehensive governance and oversight" structures in place to deal with Phoenix. How would you respond to that concern?

Hon. Carla Qualtrough: In terms of governance? Sorry, I was distracted by the water. I apologize.

Mr. Erin Weir: No problem.

The Auditor General said—and I'm quoting—that there were "no comprehensive governance and oversight" structures set up, so—

Hon. Carla Qualtrough: At the go-live of Phoenix, I think that's a very fair assessment. I think we've learned that we as government—we as a small-g government, the government before or after—need a whole-of-government approach, with governance mechanisms that include ultimate accountability and oversight in one place.

The Chair: Next is Monsieur Drouin, for seven minutes, please.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Thank you, Mr. Chair.

I want to thank all of the witnesses for being here, and particularly Minister Qualtrough for taking the time to be here in front of this committee.

Minister, I'm going to take a different approach. I don't think it's partisan to say that we can see this overall pattern developing with the Auditor General. It's a fact that the previous government pre-booked \$56 million for the ETI, the email transformation initiative, and it's a fact that the previous government pre-booked \$70 million in savings for the Phoenix pay system. We can see this pattern developing.

It's as if the previous government thought they would ask public servants to build a house, but all they gave them was a two-by-four and a hammer. It just doesn't make sense, and unfortunately many of my constituents today are suffering from these decisions.

That's the past. I want to focus a bit on what's been done over the past two years and where we're going, but it is frustrating for them and it's frustrating for me as a member of Parliament.

We know that your predecessor from PSPC said that the Phoenix system was ready to go. Obviously we all want to get to the objective of people getting paid on time. This is the objective we've heard loud and clear. What confidence do you have that your department has actioned the right plans now?

• (1210)

Hon. Carla Qualtrough: I have every confidence that we now have in place both the governance structure and the list of measures

needed to be taken in order to stabilize the Phoenix pay system. I have every confidence in that. I think the people we have on this task know exactly what needs to be done and have a methodical, well-planned, action road map for doing it. I do have that confidence. I think time will tell if that confidence is well placed, but I'm very confident that we are headed in the right direction. We have to continuously improve this system. There's just no alternative.

Mr. Francis Drouin: Minister, we know that the contract was designed as an essentially task-based contract. For future reference, is there anything different we could do in bidding on contracts with proponents such as IBM and others? What design differences could we have asked them to make, rather than just telling them to design a human resources and pay system? What other areas do you believe we should have focused on with regard to the Phoenix pay system?

We've heard previously that we opted for a trainee program rather than for making sure that employees got the proper training. Are there other areas where you think we missed steps, where we miscalculated the implementation of Phoenix?

Hon. Carla Qualtrough: With respect to the IBM contract, as we modernize procurement, we need to focus on outcomes. We need to tell people what we want to achieve and let them propose how it needs to be done, instead of asking people to do a series of things that will hopefully end up where we want it to go. Having an outcomes-based approach is a big lesson learned.

Specifically with respect to Phoenix, I would focus on the massive business transformation piece and all the tools that could have been put in place to manage the workforce and expose people to change management. A big cultural shift was required. We needed to bring people along in this culture shift, to look at the technical aspects, and to improve our policies.

I could give you five examples of policies that should have been looked at before we even went down this road. The software we bought wasn't compatible with the business processes at the time, nor with the policies we had in place. If you don't have these things aligned, you're going to end up with the mess we ended up with. Hindsight is 20/20, but I think a bigger-picture view would have been helpful.

Mr. Francis Drouin: I have one more question on Phoenix. The Auditor General stated that it took PSPC too long to acknowledge the vastness and severity of the issue. Knowing what we know today, to ensure that we don't repeat the same mistakes, what could we do differently?

Hon. Carla Qualtrough: Wow—

Mr. Francis Drouin: That's a loaded question.

Hon. Carla Qualtrough: That's a great question. We as a government, a small-g government of whatever party, need to see these massive IT projects as the business transformations they are. I think we could have put in place the people, the tools, the policies, and the processes that would have set us up for success.

With respect to PSPC, as this was rolled out, it took a while to understand the depth and complexity of this issue. In the meantime, as problems were being identified, we were doing our very best to solve them, but it did take some time to understand the massive, enterprise-wide nature of these problems.

Mr. Francis Drouin: Minister, I want to ask you about prompt payment. We're embarking on a procurement study of small and medium-sized businesses, and I know the issue of prompt payment was important for many SMEs in my constituency. In my previous life, I worked on an issue like this, which was that the government would pay the prime, but the prime was a little slower to pay the subcontractor. Could you give us an update on prompt payment?

• (1215)

Hon. Carla Qualtrough: I was pleased to see that prompt payment made it into my mandate letter, because it shows our government's commitment to addressing this issue.

While 96% of our invoices from PSPC are paid within 30 days, we can always do better. We need to put in place structures that will make sure our subs are paid properly and promptly, not just properly. That's a lesson from Phoenix—we have to pay people accurately and on time. We have to make sure there are mechanisms in the federal government to ensure that people are paid promptly.

Mr. Francis Drouin: Thank you. *Merci.*

The Chair: Thank you very much.

I'd like to welcome Mr. Clement and Mr. Diotte to our committee. Thank you for being here. My understanding is that Mr. McCauley and Mr. Shipley have ceded their time.

Mr. Clement, you would be up first.

Hon. Tony Clement (Parry Sound—Muskoka, CPC): Thank you.

I'm Tony Clement, Parry Sound—Muskoka. Thank you, Minister, for attending the committee.

I wanted to turn to shipbuilding, if I might. You referenced it in your remarks.

Construction on the joint support ships was supposed to begin by the end of the year. That was the original plan by the former government, but according to documents provided by the Department of Fisheries and Oceans, the delivery schedules for the supply ships and the icebreaker are currently unavailable. When do you expect construction to begin on the joint support ships?

Hon. Carla Qualtrough: Thank you.

I'm going to ask Lisa Campbell, who is here, to give us the dates, because she is much better versed on these details.

Ms. Lisa Campbell (Assistant Deputy Minister, Defence and Marine Procurement, Department of Public Works and Government Services): Thank you, Minister, and thank you for the question.

I'm happy to report that the construction of large ships for the navy and the Canadian Coast Guard is under way at both Irving Shipbuilding's Halifax shipyard and at Seaspan's Vancouver shipyard.

Suffice it to say that both the budgets and the schedules for the shipbuilding strategy were done many years ago, before blocks of ships had actually been constructed in these yards. We now have a much better idea of what a realistic schedule is, what challenges they'll encounter, and what efficiencies they're going to be able to achieve.

We have received an integrated program schedule for Vancouver for their whole program of work. We're currently analyzing it to see whether we have any questions about it, whether it works for us, and what the schedule will be.

As I believe the committee is aware, the Royal Canadian Navy has an urgent requirement for interim capability to refuel its ships at sea, and in November 2015, Federal Fleet Services was awarded a contract for the provision of interim auxiliary oil replenishment capability for the navy. The conversion of an existing vessel in Quebec remains on track. It's expected to begin service in January 2018 and will bridge the gap until the joint support ships are delivered.

Hon. Tony Clement: Thank you.

I just want to state for the record that we really didn't get a date there. It is important for this committee and for parliamentarians to get dates as soon as possible so that we can do our job to hold you accountable.

Speaking about construction of the interim supply ships, then, because you did mention it, that was as a result of action taken by the previous government in the construction of the MV *Asterix*, a project that the government originally opposed for political reasons. We don't now know when the next supply ships will be built or when the construction will begin. Based on the testimony of officials, it won't happen until at least 2021, four years later than originally planned.

Numerous experts have said that we need to award another contract to the Davie shipyard to get these supply ships in motion; otherwise, our capabilities as a navy are going to be, quite frankly, a joke.

Will you award a second contract to Davie, and if not, why not?

Hon. Carla Qualtrough: Thank you.

Lisa, in a second I'll ask you to pipe in.

My understanding is based on a substantive look at operational capabilities by the Department of National Defence and the Coast Guard. They came to the conclusion that we did not need to continue with the existing lease of the existing ship or in fact award a contract for the building of a second ship.

Lisa, can you add to that?

Ms. Lisa Campbell: Yes, I'm happy to. Thank you, Minister.

Thank you for the question.

As I believe committee members are aware, two packages of work were competitively awarded to yards on the east and west coasts, and other opportunities for the construction of smaller vessels under 1,000 tonnes can be, and are, competed for across Canada, as well as ship repair and refit work.

This summer we put out to competition a contract for in-service support of Arctic and offshore patrol ships and joint supply ships. The contract was awarded for \$5.2 billion. It's an example of how competition spreads work around.

We are committed to consulting with industry on other requirements that may arise following open and competitive procurement processes, so we regularly engage all Canadian yards as we look at the shipbuilding strategy's existing requirements and any new requirements.

Hon. Tony Clement: Thank you.

I'd like to state again for the record that we are now a navy that has one interim supply ship and three oceans. That's not acceptable.

Turning to the surface combatants for a second, yesterday we learned from the department that the completion date for the first warship for the navy is, as you may have mentioned, highly speculative. It may be sometime next year. The deadline has been pushed back numerous times. The request for proposal has been amended more than 50 times already, and it's more likely than ever that delays will cause shipyard construction gaps and massive layoffs in the shipyards as a result.

When will the RFP for the ships be final, and would you be willing to provide the committee in writing with the delivery schedule?

• (1220)

Ms. Lisa Campbell: Thank you for the question.

We were pleased to announce yesterday that the request for proposal closes November 30. It was extended, sometimes at industry's request, for a couple of reasons. One, we want to make sure that industry had a chance to put their best foot forward, and we take into account their feedback. It really is an example, as the minister said, of procurement modernization.

As well, we still anticipate the start of construction in the early 2020s. This is a streamlined procurement strategy for one warship design and the combat systems integration that comes with it, which from our perspective should achieve efficiencies.

With respect to production slowdowns, it is a common feature of modern shipbuilding, and a number of things will play into this. The contract that we have for Arctic offshore patrol ships on the east coast has a guarantee of five ships, with an incentive for six. When we know the sixth ship will be built, that will tell us when the gap will start. We do expect the production slowdown. We've hired a third party to help us analyze the start of that gap, the nature of it, and its timing and duration—

The Chair: I'm sorry, Madam Campbell; we'll have to stop your testimony.

[*Translation*]

Mr. Ayoub, you have five minutes.

Mr. Ramez Ayoub (Thérèse-De Blainville, Lib.): Thank you, Mr. Chair.

Thank you for being here, Ms. Qualtrough. I feel for the government employees in this predicament and congratulate you on your leadership. Your task is not an easy one, but as a team we will find solutions. This is apparent already.

The pay system and its rules are extremely complicated. There are apparently 80,000 rules that have to be consolidated or corrected in order to simplify the system.

What is your schedule for reducing the number of rules and ensuring that the pay system properly serves our employees and Public Services and Procurement Canada?

Hon. Carla Qualtrough: Thank you for your question.

The 80,000 rules are of course related to the collective agreements.

[*English*]

The opportunity exists...and be clear that it is not PSPC that negotiates collective agreements with unions; it is in fact Treasury Board Secretariat, so they would be the lead.

The idea that we can in some ways simplify the rules that result from the negotiation of collective agreements would indeed impact the complexity of the customization of Phoenix. As Treasury Board embarks on their next wave, if you will, of collective agreement negotiation, they could be in a position—certainly we've heard from at least one union that they're open to it—to at least have a discussion on how we can simplify these rules. That's the customization.

[*Translation*]

Mr. Ramez Ayoub: Thank you.

Obviously, there is nothing simple about this system, but we have to deal with the situation. I would like to know more about the work being done in Ms. Lemay's group.

Mr. Linklater, how will the new plan address the backlog, that is, the delays that could persist?

Can we anticipate what the backlog will be in the near future?

As you said, you have to catch up on the implementation of the collective agreements. There is also the next tax season, which is fast approaching. Some things can be anticipated.

How can you get it done, even though the system is imperfect right now? What is your plan?

Mr. Les Linklater: Thank you for your question.

Right now, we are focusing on a number of waves of activities. We just tabled before the public accounts committee our action and management plan, through which we will implement initiatives to reduce the pressure on employees.

As you said, Mr. Ayoub, tax season is nearly upon us. In addition, we are processing the transactions related to the implementation of collective agreements and are preparing to issue employee T4 and *relevé 1* slips. Further, we are in the process of hiring additional staff to join the workers in Miramichi and satellite offices right across the country.

Once we have finished implementing the collective agreements and issuing the T4 slips for 2017, we will concentrate on resolving the outstanding transactions, with the help of those resources. According to the action plan we have just tabled, we will have dealt with the most serious pressure by the end of 2018.

● (1225)

Mr. Ramez Ayoub: Is it true that in the past year there have been periods when you were able to keep your heads above water, get ahead, and contain delays, which ultimately allowed you to plan ahead?

Will this new plan and the rules that you want to change mean that we will finally see a bit of light at the end of the tunnel?

Are the Lego pieces fitting into place so that we will see some very tangible results?

Mr. Les Linklater: Yes, the auditor general pointed out that we have been able to process more files than we receive, in a sense. This is what is happening right now, thanks to the resources we have and despite the implementation of the collective agreements.

[English]

The Chair: Thank you very much.

Mr. Diotte, you have five minutes.

Mr. Kerry Diotte (Edmonton Griesbach, CPC): Madam Minister, getting back to Phoenix, you said in your opening statements that when Phoenix was launched, the existing pay system slated for decommissioning was in poor shape and at high risk of failure. We know that Phoenix right now is not paying half of the civil servants correctly. What was the failure rate of the existing system?

Hon. Carla Qualtrough: I'm sorry; I don't have that information.

Ms. Marie Lemay: A big part of the issue we have is that there was no benchmarking, really, in terms of what the issues were in different departments. The sad thing is that we will not know when we are where we were before. We do know from an OAG report that the system had actually failed on two occasions, I think, earlier. That's what we have.

Mr. Kerry Diotte: What is your definition of failure, though? Surely a system that—

Ms. Marie Lemay: It had not paid...I think it was 4,000 people, right off. Remember that Phoenix has paid 300,000 public servants every two weeks since it was launched. I'm not trying to diminish the issues at all, but the biweekly pay has been going out every two weeks.

Mr. Kerry Diotte: Right, but the failure rate was not having an impact on half of the civil servants, was it?

Ms. Marie Lemay: I don't believe so, but I don't have any numbers to be able to answer, really.

Mr. Kerry Diotte: You don't know what the failure rate was, per se.

Ms. Marie Lemay: We don't have that collective view. We did not have that collective view of things, which was a real issue with the system; now we do have it, and we will eventually have a better view of things. We did not have a centralized view of things.

Mr. Kerry Diotte: Minister, if we're talking about numbers, and we seem to want them now, what type of metrics do you have regarding the fix of Phoenix? Right now, again, more than half of public servants are being paid incorrectly. Do you expect to reduce that by 50% in a year, or 75% in five months? What type of metrics do we have now?

Hon. Carla Qualtrough: It's important to clarify that half of public servants have a pay issue outstanding right now, which is slightly different from saying that half of public servants aren't being correctly paid, because every two weeks, people are being paid.

The challenge is that we have to, again, prioritize how we're going to chip away at the backlog while at the same time maintaining the service standard of the 80,000 new transactions coming in every month. We need to make sure that we're addressing those 80,000 transactions. Remember, 300,000 people get paid twice a month, with 80,000 new transactions a month, ranging from people having questions on their union dues to people who got married and are changing their name, to people who didn't get paid, to people who paid less CPP and are wondering why. There are significant financial impacts and some that are not significant, such as a \$20 discrepancy versus a \$1,000 discrepancy.

What we're looking towards is a continuous improvement, constantly getting at the backlog every month. The more people we have, the more streamlined our processes are, and the fewer glitches we have technologically, the more we can confidently say that we are chipping away at the backlog.

● (1230)

Mr. Kerry Diotte: How does that chipping away look, though? Surely there are targets somewhere, so that weekly, as does a salesperson, you have a target. Are there targets at all?

Hon. Carla Qualtrough: What we know is that every month the number of transactions we are processing is improving. Last month, we had a service standard of 80,000. I'm going to get this backwards, but 79,000 new transactions came in, and we addressed 71,000 of those, plus an additional 21 manual collective agreement transactions, plus 29 that were automated. We handled 119,000 transactions that month on a service standard of 80,000. At some point, we're not going to have the collective agreements to process, or quite frankly, the next batch of collective agreements will be easier to process because they won't involve two, three, or four years of backlogs. We anticipate, at that point, a steady decline in the number of transactions in the backlog.

The Chair: Mr. Diotte, I think you're out of time.

Mr. Peterson, you have five minutes.

Mr. Kyle Peterson (Newmarket—Aurora, Lib.): Thank you, Mr. Chair.

Thank you, Minister, for being here, and thank you to everyone for joining us this afternoon.

I want to follow up a little on what Mr. Diotte was asking. I'm hearing that there are 300,000 employees who are being paid biweekly, for the most part successfully. There are 80,000 transactions coming in a month. Transactions can be anything from a name change, as you mentioned, to a change in address, perhaps, or anything. These aren't necessarily problematic; that's just how many transactions are coming into the system.

How many transactions can be actioned a month under the current HR and other resources that are available?

Hon. Carla Qualtrough: Thank you.

Les, can you give the numbers?

Mr. Les Linklater: In terms of the capacity within PSPC, our estimates are that we can comfortably handle about 80,000 new transactions every month. As the minister says, tracking our progress against that, we've been reporting through our public dashboards for the last number of months the number of transactions beyond our service standard, and that number is what we are watching in part as we make progress on queue reduction.

Mr. Kyle Peterson: Great. That's netting out to zero, which is obviously proper budgeting, and that's the way it should be. What resources are being used, then, to get rid of the backlog? It seems to me that the resources now are just enough to hold steady.

Hon. Carla Qualtrough: Go ahead, Les.

Mr. Les Linklater: What we are doing is calling on the satellite offices, along with a number of external hiring processes. The Clerk of the Privy Council put out a call a number of months ago. We have been recruiting. We've worked with the unions to bring back retired compensation advisers, and we're now actively hiring another 300 compensation advisers. That compensation staff should be on-boarded in early January. At that point, we'll have well over 1,500 compensation staff in Miramichi and the satellite offices working on transactions.

Mr. Kyle Peterson: Is the number of transactions that can be successfully completed proportional to the number of employees?

Mr. Les Linklater: We do have certain assumptions around productivity that we've tested with the staff on the ground and with the unions. Obviously, more complex transactions such as terminations take more effort, and others, such as name changes, require less. We do have metrics around time to process and also average productivity per trained staff. We use that to factor into our planning for hiring.

Mr. Kyle Peterson: Thank you.

I want to look at the impact that these collective agreements have had. Is there a necessity to maybe budget and plan for exceptional periods of time when there may be more transactions than is the norm? Is there a way to staff up during those periods? Is that accounted for in the new system?

Mr. Les Linklater: Absolutely, and as we look at better modelling of our workload in the network, we are taking into

account a number of issues related to seasonality, such as tax season and summer student hiring. We had assumed that for collective bargaining we could create a dedicated unit of 65 compensation advisers to deal with residual work; that assumption needed to be revisited once we saw the complexity of what we had. That's been augmented to 200.

Going forward, recognizing that Treasury Board continues to negotiate collective agreements, as we look at the service model in Miramichi and the satellite offices, we will build in a component dedicated to collective agreement revision work.

•(1235)

Mr. Kyle Peterson: Okay.

I want to touch briefly on training. For the compensation advisers, what's the onboarding process? How do they come into the role, and what training are they provided when they first come on board?

Mr. Les Linklater: We take a number of approaches. There are formal courses that are available and classroom training that is available to compensation staff. There's also a lot of an on-the-job component as well. What we have found is that if clerical staff are brought on at lower levels, as opposed to fully trained compensation advisers who are familiar with all 269 subtypes of transactions, they're able to take on some of the more straightforward work and free up the compensation advisers for the more complicated transactions.

We're finding that this is working well. CRA uses this model. They have their own compensation staff. We're now moving within the Miramichi network to pilot a pod approach, whereby we will bring together various levels with various skills in order to be able to focus on specific departments or groups of departments, or certain types of transactions, so that they develop specialization and familiarity with collective agreements.

Mr. Kyle Peterson: Thank you for that.

The Chair: Minister, we've come to the end of the hour. However, it's been the custom of this committee to try to get a complete round of questions in. We have one three-minute intervention left, from Mr. Weir. We beg your indulgence and will ask you to stay for a few more minutes.

Hon. Carla Qualtrough: Absolutely.

The Chair: Mr. Weir, you're up.

Mr. Erin Weir: Thanks very much.

Speaking of timing, I would like to ask about the timeline for fixing Phoenix. The Auditor General suggests that it will take years. Do you find that acceptable?

Hon. Carla Qualtrough: Well, it's certainly not acceptable that it will take years. Again, I don't mean to quibble, but the definition of "fixing" is one that we've struggled with a lot. If by "fixing" you mean at what point we will have a stable system that pays everybody on time and accurately, it will not take years. If by "fixing" you mean a state-of-the-art, integrated HR-to-pay process policy system, that will most likely take years, yes.

Mr. Erin Weir: Okay. In terms of the first objective of having a system that pays people properly and on time, when will the government achieve it?

Hon. Carla Qualtrough: Again I hesitate because our dates have been wrong in the past, but I'm hopeful that you'll see it by the end of 2018.

Mr. Erin Weir: You mentioned earlier that you take personal responsibility for Phoenix. If that goal is not achieved by the end of 2018, would you resign as Minister of Public Services and Procurement?

Hon. Carla Qualtrough: Wow. This is an interesting way to end this discussion.

I hope that if that goal wasn't achievable, it wouldn't come as a surprise by the end of 2018, so I would be forthright and honest and amend my estimation as it became apparent that goal couldn't be met.

Mr. Erin Weir: You said something about realigning the IBM contract. It seems IBM keeps getting paid more money to help fix a system they set up. Do you think that's appropriate? Do you think there is way of having a better contract approach in the future to avoid these problems?

Hon. Carla Qualtrough: Absolutely there could be, in terms of focusing more on outcomes than on tasks, as I spoke briefly about earlier, but I think we need to be very clear about the scope of the work that IBM was contracted to do. It was not contracted to provide the robust system that I'm suggesting it should have been contracted to do. Les can give us more details, but we are holding IBM to the terms of their contract.

Mr. Les Linklater: As an update on the way we work with IBM, earlier this year we did update the contract on the technical side to move to a managed service approach, whereby we are giving them certain tasks with expected outcomes to deliver, as opposed to the piecemeal, modular approaches that had been done in the past. We are now looking at the functional side and replicating that, so that we can give more risk to IBM in helping to manage the pay system more efficiently.

Mr. Erin Weir: Thank you.

The Chair: Thank you very much for your attendance here and your indulgence. You were, as I mentioned in my opening remarks, scheduled to be here only until 12 noon, so we do thank you for extending your time. I know you have an extremely busy schedule.

Colleagues, we will suspend for about two minutes and then we'll reconvene for the rest of the meeting.

Minister, thank you.

We are suspended.

•(1240)

(Pause)

•(1240)

The Chair: Colleagues, I call the meeting back to order.

Since we have a little less than 15 minutes before we have to close this meeting, I'm going to suggest that we only have time for two seven-minute interventions. We will have one from the government side and one from the official opposition.

I have Madame Shanahan up first, for seven minutes, please.

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): Thank you very much, Mr. Chair.

I would like to continue in the vein my colleague Mr. Ayoub had started with the officials. Mr. Linklater, I see you are there. It's really something that's bugging me. In my riding I have a few people who have been involved in Phoenix, mostly those having had to come back from retirement, which they have been happy to do. I've heard stories anecdotally about what that experience has been like.

I want to assure myself. In terms of these disturbing stories we hear about people being out of pocket and the financial hardship that they're experiencing, do we have confirmation that every employee who was missing pay or is missing pay either has had a pay advance or has otherwise been made whole, and if so, why do we still hear stories about employees being out of pocket?

Mr. Les Linklater: Thank you for the question.

I think it's important to underline that deputy ministers and heads of HR, chief financial officers, are well aware that emergency salary advances and priority payments must be made available to staff who come forward with hardship issues. No one should be going without money if they need it.

When we hear of these stories as well, we have to ask ourselves where the communication breakdown is among employee, manager, and senior management in terms of providing that relief. Rest assured that if a case comes to our attention and is escalated, we then engage the department directly in order to ensure that the employee is provided with whatever financial assistance is needed as soon as possible.

Mrs. Brenda Shanahan: I would ask you actually to be even more proactive in that regard, having had some HR experience myself.

Sometimes it's difficult for newer employees, employees who are not so sure of their situation, to just understand their pay system, given that we know how complex it is. Regarding managers, it disturbed me as well to hear that at the very onset of the Phoenix system, there were managers who did not know that they had to go into the system and actually approve transactions and interact with the system.

I can sympathize; it's a very behavioural management kind of mechanism. If I get a prompt that I need to do something, I'll go in and do it, but if there's no prompt, I'm going on with my regular day. How could it be that managers did not know that they had to go in and do these transactions?

•(1245)

Mr. Les Linklater: Thank you for the question. I think it's very timely that we've recognized, through the integrated team, that in terms of communications with staff directly, whether they're affected by pay issues or they are managers, we need to do a better job of equipping everyone with the knowledge they need to be able to navigate the system.

We are working with the unions on content for mandatory team meetings that will be launched in the coming weeks. OCHRO, the Office of the Chief Human Resources Officer at the Treasury Board, has also begun to launch more tailored training for individuals, depending on the department they're in, the HR system that they use, and how it interacts with Phoenix.

At rollout, training was more generic and not particularly targeted or tailored. We are looking at a more tailored approach. Coupled with this, we will, with Treasury Board backing, be moving out with mandatory training for managers on Phoenix in the coming weeks.

Mrs. Brenda Shanahan: Thank you for that. Again, if I can venture further, if it helps at all, I also come from a financial education background, and in fact a big part of my job when I was in HR was educating people about what their paycheque was about, including the pension payments and why they saw deductions at source of different amounts at different times. It's a huge opportunity to inform people and help them to keep track of their own personal situation.

That said, the employer does have that responsibility to make sure that every transaction is properly done and that adjustments are done in a clear and transparent manner. Can you please explain to the committee in detail how those adjustments are going to be put in effect for employee T4s, insurance premiums that may have been overpaid or underpaid, pension payments, especially as pay systems, like the people who are being paid, are not in a static situation and are constantly moving and evolving?

Mr. Les Linklater: In the interest of time, I hope I can do justice to the—

The Chair: Give as much detail as possible, within the two minutes.

Mrs. Brenda Shanahan: You can provide it in writing as well to the committee. Am I right, Mr. Chair?

The Chair: Certainly.

Mr. Les Linklater: We'd be happy to follow up in writing, but essentially we are able to run internal reports related to underpayments and overpayments. That provides us with a bit of an indication as to where there may be problems. As we process transactions as well, overpayments and underpayments may come to our attention, and employees may report them to us through the contact centre as well.

When there is a discovery, particularly of an overpayment, we do take action to make the correction and adjust the T4 so that the actual T4 reflects appropriate earnings for that individual and the overpayment is addressed.

Mrs. Brenda Shanahan: Will the recipient be able to understand that clearly?

Mr. Les Linklater: Yes, we will ensure that. Building on our experience with tax season last year, we've already begun working with Treasury Board and CRA to make sure we have good public-facing communications around these issues.

Mrs. Brenda Shanahan: Do I have any more time?

The Chair: You have about 30 seconds.

Mrs. Brenda Shanahan: Well, prompt payment: can Ms. Lemay talk to me about that?

Ms. Marie Lemay: One of the measures that we have put in place is a 14-point action plan that we've developed in working with the industry. One that we've had in place since June is that we now post payments of more than \$100,000 to contractors. The subcontractors can look at it and know that the primes have been paid and they can follow up on them. There is ongoing discussion with the industry on this issue, and we're looking to do other measures. We have the 14-point plan on our website.

Mrs. Brenda Shanahan: We may have to do more than moral suasion, in other words. Thank you very much.

The Chair: Thank you very much.

We have Mr. McCauley for seven minutes, please.

Mr. Kelly McCauley: Mr. Parker, can you update us very quickly on any new satisfaction results that you have for Shared Services, please?

Mr. Ron Parker (President, Shared Services Canada): Sure. Thank you for the question.

All of these improvements I'm going to talk about are attributable to the dedication and professionalism of our employees.

I'm very pleased to say that since December 2015, our customer satisfaction index has steadily increased over the last number of months from 2.79 to 3.43 in October. Along the way, we've had three five-out-of-fives from individual departments in terms of the level of the index. This is a really great summary measure, and I appreciate it.

•(1250)

Mr. Kelly McCauley: Thank you very much.

Ms. Campbell, you talked about the CSC, and at end of the month I think we're going to RFP. We saw the PBO report stating that every single month that this program is delayed is going to cost taxpayers an extra quarter of a billion dollars. How much, from the time we get started, is this going to cost us all together when you use the PBO's numbers?

Ms. Lisa Campbell: Thank you for the question.

I'm pleased to talk about the Canadian Surface Combatant. It is the largest, most complex—

Mr. Kelly McCauley: Sorry, I know all that. It's a very specific question. The PBO says a quarter of a billion taxpayer dollars is going to be wasted every month that we delay starting the project. How long will it be before we start, and how much, using the PBO's numbers, is it going to cost the taxpayers, please?

Ms. Lisa Campbell: To answer the question, there are a number of factors that feed into that, including which design is ultimately selected. We still forecast starting steel construction in early 2020, so that has not changed. Granting extensions at industry's request, quite frankly, is to make sure that we get good, strong bids for Canada to choose from and best value.

Mr. Kelly McCauley: Do you think we'll have a contract awarded by then?

Ms. Lisa Campbell: The bids close on November 30, which is the end of this week. We expect to finish the evaluation in 2018 and start awarding contracts for the design work—as you know, under the shipbuilding strategy, it's design and then build—to start as soon as possible. We do sense the urgency and share that with industry. We do want to press ahead.

Mr. Kelly McCauley: We're into several billions, unfortunately.

Ms. Lemay, in July a year and a half ago we sat in this exact room, and I think I sat in this exact seat when I asked about the T4 issues and what we were going to do for T4s. We were told we were taking a whole-of-government approach to this one, and we know it turned into an absolute disaster. There were 70,000 to 80,000 incorrect T4s.

What assurances can we have that we're not going to repeat this? A year and a half ago we asked, and we were told that a whole-of-government approach would fix it. It was a disaster. What are we doing this year for the T4s to ensure we don't repeat it?

Ms. Marie Lemay: We will build on what we learned last year. The fact that we had a high number of amended T4s doesn't.... We're still going to have them. We know this from the overpayments and underpayments. We know that. It's about how we address it. What we have put in place with CRA is that they do an automatic sort without people having to resubmit. Those are the processes we had put in place. We're going to build on those.

I understand that the number is a high number, but I wouldn't judge.... We have to bring it down, but how we address that situation is more important, I think.

Mr. Kelly McCauley: Right. How are you doing that?

Ms. Marie Lemay: As I said, with the unions and CRA we developed a process last year whereby people were able to not have to resubmit and the amended T4s were automatically reassessed. We're doing the same thing this year. We're going to get the information out more widely to employees as well.

Mr. Kelly McCauley: Thanks.

Very quickly, we heard recently that there's a training program set out for Phoenix. It's a big controversy that it's not mandatory. Why at this point, after two years, is the training for Phoenix not mandatory?

We've heard an off-the-cuff comment about “Well, I don't control the other departments”, but we hear so much that it's a whole-of-government approach. We've heard from the beginning that Treasury Board didn't communicate with PSPC and PSPC didn't communicate with anyone else. Here we have an opportunity, but it looks like we're dropping it again. Why is the training not mandatory?

Ms. Marie Lemay: I believe the employer actually issued a note yesterday saying that the training is now mandatory.

Mr. Kelly McCauley: Why does it take two years to make the training mandatory?

Ms. Marie Lemay: It's a whole-of-government approach. We are learning.

Mr. Kelly McCauley: It sounds like the whole of government is letting you down.

Ms. Marie Lemay: We're in a better position than we were last year in terms of capacity.

Mr. Kelly McCauley: Very quickly, we asked a question about what was almost like an MP hotline, and Mr. Weir followed up on it. I heard Ms. Qualltrough say it would take two weeks, but it sounded like it was a different answer for Mr. Weir. Again, this is a non-partisan issue for all of the MPs. Can you speak to that two weeks?

• (1255)

Ms. Marie Lemay: What I understood the minister to say was that we would get back to you in two weeks as to what the process would be.

Mr. Kelly McCauley: Okay, we can expect that. Wonderful. I think if we can get at least that much out of this meeting, it will have been a huge success for our constituents, so thank you very much.

The Chair: Thank you very much, Mr. McCauley.

Colleagues, I'm going to excuse the witnesses, but I would ask all of you to please remain at the table. We will not go in camera, but I want to deal with the supplementary estimates (B) very quickly if we can.

Madam Lemay, Mr. Parker, Mr. Linklater, Mr. Muldoon, Madam Campbell, Madam Paquet, Mr. Duplantie, thank you so much.

Colleagues, could I ask you to come back to the table? Mr. McCauley, Mr. Weir....

Colleagues, if you recall the last time we dealt with supplementary estimates (B) last year, I followed the same process I'm going to recommend to you now, and I will ask this. Do I have the unanimous consent of the committee to call all of the votes of supplementary estimates (B) 2017-18 together?

Some hon. members: Agreed.

The Chair: We will now have the votes.

CANADIAN TRANSPORTATION ACCIDENT INVESTIGATION AND SAFETY BOARD

Vote 1b—Program expenditures.....\$1,538,000

(Vote 1b agreed to)

PRIVY COUNCIL OFFICE

Vote 1b—Program expenditures.....\$34,195,262

(Vote 1b agreed to)

PUBLIC SERVICE COMMISSION

Vote 1b—Program expenditures.....\$1

(Vote 1b agreed to)

SHARED SERVICES CANADA

Vote 1b—Operating expenditures.....\$14,704,740

Vote 5b—Capital expenditures.....\$1

(Votes 1b and 5b agreed to)

TREASURY BOARD SECRETARIAT

Vote 1b—Program expenditures.....\$30,671,729

Vote 15b—Compensation adjustments.....\$654,565,472

Vote 20b—Public Service Insurance.....\$253,209,974

(Votes 1b, 15b, and 20b agreed to)

The Chair: Shall the chair report the supplementary estimates (B) 2017-18 to the House?

Some hon. members: Agreed.

The Chair: Thank you. It shall be done.

Is there anything else for the benefit of the committee?

Go ahead, Ms. Ratansi.

Ms. Yasmin Ratansi: Is the Phoenix study going to be done here or are we going to consolidate the study or let public accounts do it, because the department officials were before public accounts this morning? I don't know what the streamlining process is. Can we take their witness summary and incorporate it into our report?

The Chair: We as a committee, of course, as you know, Madam Ratansi, have the ability to be the master of our own agenda. We can determine that. If you wish, I can certainly have a conversation with my counterpart, the chair of public accounts, and report back to the committee, and then we can make the final determination.

Raphaëlle has just informed me that public accounts will prepare a report. They are definitely going ahead with that. It would be up to us to determine whether we wish to do so.

Ms. Yasmin Ratansi: Okay. Thank you.

The Chair: I'll have a conversation with Kevin Sorenson and report back.

Thank you all.

The meeting is adjourned.

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