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

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**EVIDENCE**

**Wednesday, February 27, 2019**

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**Chair**

**Mr. Tom Lukiwski**



## Standing Committee on Government Operations and Estimates

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• (1545)

[English]

**The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)):** Colleagues, I'll call the meeting to order.

Ms. Qualtrough, welcome back to our committee. I think this is your second appearance.

I should say at the outset that we normally have far more members of the fourth estate here, but apparently there's another meeting going on that seems to be taking some of the attention away, but we shall soldier on.

Minister, you know the drill. Could I please get you to introduce the officials who are with you, and I understand you have an opening statement.

Please proceed.

**Hon. Carla Qualtrough (Minister of Public Services and Procurement and Accessibility):** Thank you. I will do the introductions via my opening statement.

Mr. Chair and committee members, good afternoon.

I'm very pleased to be here today, and to have the opportunity to appear before you to discuss our supplementary estimates (B) as well as updates on some of our recent accomplishments.

[Translation]

It is a pleasure for me to speak for the first time in the newly renovated West Block. As Minister of Public Services and Procurement and Accessibility, I am proud of how much has been accomplished to restore and modernize the parliamentary precinct.

[English]

Joining me today are Public Services and Procurement Canada's new deputy minister, Bill Matthews; our chief financial officer, Marty Muldoon; our associate deputy ministers, Michael Vandergrift and Les Linklater; and our assistant deputy minister of defence and marine procurement, André Fillion.

From Shared Services Canada, we have Paul Glover, who was recently appointed president; Sarah Paquet, executive vice-president; and Denis Bombardier, chief financial officer.

Mr. Chair, these two organizations serve Canadians every single day by providing services and support to other departments and agencies. To support our operations, we are requesting \$102.3

million in supplementary estimates (B). This amount is comprised of \$75.5 million for PSPC and \$26.8 million for SSC.

Allow me to begin with our request related to PSPC, starting with one of the most pressing issues the Government of Canada is facing today, which is stabilizing the Phoenix pay system. While we're making progress, we know there is still a lot of work to do to ensure Canada's public servants are paid accurately and on time, every time.

[Translation]

As I reported to this committee in December, we have significantly increased our capacity to address pay issues, and we have introduced measures to ensure that public servants receive more useful help and support when they call the client contact centre.

[English]

I will also inform this committee about the success we've had with our pay pods. You'll recall that this approach assigns compensation advisers to the employees of the specific organization. These dedicated advisers develop departmental expertise and relationships, and work to address all outstanding transactions in an employee's pay file, rather than addressing issues by transaction type. New pay pods were rolled out just last week, bringing us up to 34 departments that are being served using the pay pod model. This represents approximately 154,000 employees. We're also on track to have all 46 departments served by the pay centre using the pod model by May of this year.

Since January 2018, we've decreased the backlog by nearly 160,000 transactions and reduced the overall queue for pod and non-pod departments combined by an average of 25%. Pod departments alone have seen a 29% reduction in their queue, which demonstrates the success of this approach.

I should also add that we've processed more than \$1.5 billion in retroactive payments for employees.

• (1550)

[Translation]

We are also supporting employees during tax season by working with Canada Revenue Agency and Revenu Québec to ensure that employees are provided with accurate tax slips. And we continue to offer flexible repayment options for employees who have received overpayments. We are committed to making this situation right for public servants and their families.

[English]

For supplementary estimates (B), we are requesting \$25.1 million for continued efforts to stabilize the Phoenix pay system. Although we still have work to do, I can assure you that we'll continue working to ensure people get paid accurately and on time.

I now turn to our request for new funds in support of the Receiver General's operation. Every year, the Receiver General incurs costs for processing transactions on behalf of federal organizations. They include the card acceptance fees we pay so that Canadians can make payments to the government of Canada using debit and credit cards, and postage fees to mail cheques to Canadians. These fees have been growing above our normal baseline and they fluctuate every year. We are requesting \$13.5 million to address these costs.

Our supplementary estimates (B) also include \$2.8 million in new funds to support the integrity regime program, aimed at addressing corporate wrongdoing. This more robust approach to improper, unethical and illegal business practices will come into effect soon following public consultation. The funds we have requested will address the increased workload and operational costs associated with administering the new regime, ensuring that our government conducts business with ethical suppliers and ultimately holds those suppliers accountable.

I'd also note that there are \$22.9 million from the sale of surplus real property that PSPC will reinvest to preserve and maintain our real property portfolio and provide tenants with healthy and safe accommodations. This will help PSPC meet the needs of federal organizations and provide sound stewardship of federal buildings on behalf of Canadians.

I'd now like to provide some updates on some of our key achievements.

We have made great progress on our promise to replace Canada's fighter fleet. We worked closely with the Australian government to procure 18 F-18 fighter aircraft, plus equipment to supplement the current CF-18 fleet. We received the first two fighter aircraft from Australia on February 17, ahead of schedule. In addition, just last week we concluded the second round of one-on-one engagement with suppliers for the future fighter program, to purchase 88 modern fighter jets.

There have also been a number of major developments in Canada's national shipbuilding strategy. On February 8 we announced that Lockheed Martin Canada had been selected for the design of 15 new Canadian surface combatants that will be built at Irving Shipbuilding's Halifax shipyard. This is the largest and most complex procurement ever undertaken by the Government of Canada, and it was done in an open and transparent manner. With this contract, design work is proceeding, which will be followed by construction in the early 2020s. In addition, we are advancing construction work on other large ships on both coasts, generating substantial economic benefits across the country and revitalizing a world-class marine industry that supports Canadian innovation.

As noted earlier, we have also worked hand in hand with our parliamentary partners towards a successful transition of the operations of Parliament to the West Block and the newly restored Senate of Canada building. This will allow major restoration work to

begin on Centre Block so that it can continue to serve as the seat of our democracy and proudly welcome future generations of Canadians.

[Translation]

Mr. Chair, let me now turn to Shared Services Canada. SSC has made tremendous progress over the last few years. Now led by Paul Glover, and with the appointment of Luc Gagnon to the newly created position of Chief Technology Officer, SSC is entering the next phase of its evolution. This new office will help SSC deliver a more coherent vision of modern and secure digital government.

[English]

To that end, SSC has closed nearly 180 legacy data centres, replacing them with new state-of-the-art enterprise data centres. This is resulting in more efficient and less costly IT operations for the Government of Canada. SSC also continues to support its clients in the implementation of the government's "cloud first" policy. There are now over 40 active cloud computing accounts that are helping to provide modern and efficient IT services to Canadians.

SSC completed the first phase of an e-cabinet initiative that allows ministers to access their secure documents from their tablets anywhere, any time.

In 2017-18 alone, more than 1,200 employees joined the department. This provided vital additional capacity to meet the growing technology demands of federal organizations.

Today we are requesting \$26.8 million in supplementary estimates (B) funding. This request includes \$20.3 million for cyber and information technology security initiatives to respond to the most pressing gaps in government systems. This funding will continue to allow SSC to provide modern, reliable and secure information technology infrastructure and provide world-class digital services to Canadians.

Public Services and Procurement Canada and Shared Services Canada have diverse yet equally important mandates. We are thankful for the many devoted and skilled public servants who help fulfill these mandates.

• (1555)

[Translation]

With the additional funding we are requesting today, these organizations will be better able to meet the needs of their client federal departments and agencies, and ultimately, all Canadians.

[English]

Thank you. We look forward to your questions.

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

Colleagues, before we get into questions, I have a quick housekeeping note.

As you know, we got a bit of a late start for today's meeting. We were debating Mr. Peterson's private member's bill, so we can all blame him.

**Voices:** Oh, oh!

**The Chair:** Madam Minister, I know that you stated, at least in our schedule, that you would be here until 4:30 p.m. Of course, we won't have the full hour with you unless you are willing to extend your stay a little longer.

**Hon. Carla Qualtrough:** I am, for sure.

**The Chair:** That would be great. If we could get through at least the complete round of questioning, that would be much appreciated.

We will now start the questioning with a seven-minute round of interventions.

Madam Ratansi.

**Ms. Yasmin Ratansi (Don Valley East, Lib.):** Thank you, Minister, for being here.

To ensure that I do not interrupt in the seven-minute round, I will ask you a few questions all together so that you have a response for me.

In interim supply under vote 1b, you are requesting \$2.6 million to strengthen the integrity regime. I want to know a few things for our edification.

When was it put in place? What does it intend to do? When it was originally designed, what were some of the challenges? What are you doing to overcome those challenges? Those are four questions in a row for you to answer.

**Hon. Carla Qualtrough:** Thank you. I'll do my best.

Basically, the integrity regime is a suite of administrative tools to protect the integrity of procurement and real property agreements. It was put in place in July 2015 by the previous government. The purpose was to take action against improper, unethical and illegal business practices and at the same time hold companies accountable for their misconduct. Doing this, effectively addressing corporate wrong-doing, really protects the integrity of markets and addresses barriers to figuring out how to deal with these companies.

When I became minister of PSPC, the plans for the review of the integrity regime were very much under way from my department. That was, if you recall, in July 2017. That meant that we were consulting, and we were updating the integrity regime which had been introduced two years earlier.

We did a lot of industry engagement. As I understand, it was done by the previous government before the integrity regime was put into place. We kept that industry engagement ongoing. It's been this kind of iterative process. They had what was called an industry engagement group, and they met with the previous government twice before July 2015.

We continued to meet with this industry engagement group. We heard about a number of—I don't know if I would elevate them to

concerns—challenges that they were facing, both in understanding the goals and what was happening within the regime, and also in terms of what was perceived by industry to be a rigidity in the policy itself.

Based on feedback from the industry, we decided to do a broader consultation on corporate wrongdoing, including the integrity regime. That included 70 submissions, and over 300 organizations and individuals who participated in the consultations. We really took a massive public approach to all of the amendments.

Do you want me to go into the amendments that are proposed?

**Ms. Yasmin Ratansi:** You made a statement saying that the previous regime was rigid, that you faced some criticism from the industry.

Am I hearing you correctly? Did you face criticism from the industry for the previous integrity regime that was put in place?

• (1600)

**Hon. Carla Qualtrough:** What we heard on a couple of different levels was that there is—because the policy hasn't yet been changed—a 10-year fixed debarment term and that industry was amenable to potentially broadening the scope of the triggers that could potentially cause debarment. They requested some flexibility in the fixing of the term.

We looked at international best practices. In the United States, for example, it's a three-year debarment. In Quebec, it's a five-year debarment. At the World Bank, it's a 10-year debarment.

What we were hearing from industry was that having a fixed 10-year period didn't allow us to take into account any kind of mitigating circumstances that might be present, i.e., that this behaviour had been done a number of times, the corporate structure had changed or the board had turned over, things that might lead to maybe an admission of guilt; who knows the type of crime that we're talking about.

It was really a response to some concerns raised about the lack of flexibility in the 10-year term.

**Ms. Yasmin Ratansi:** Have you started the second round of consulting? Have you made changes?

Have you accommodated, or are you stuck with the previous regime?

**Hon. Carla Qualtrough:** In the fall of 2017, we held a public consultation. As I mentioned, we heard 70 submissions from 300 organizations. It was really quite extraordinary, the feedback we got.

We then took that feedback in and produced what we called a "what we heard" report. It was effectively a public summary of what we'd heard in the various submissions as to how we could improve the integrity regime. We then went back into government and drafted a new draft ineligibility and suspension policy, which is the policy that governs the integrity regime. We put that out for consultation last fall.

We are now in the process of reviewing the submissions we had on that second round of consultation, based on our draft policy.

**Ms. Yasmin Ratansi:** How many corporations have been barred from doing business with the Government of Canada since 2015? Do you know?

**Hon. Carla Qualtrough:** I want to have an accurate number, so I'm going to ask Michael.

Michael, would you know that?

**Mr. Bill Matthews (Deputy Minister, Department of Public Works and Government Services):** I'll kick it to Michael if I get it wrong—if that's all right.

My understanding is that it's three at present that were under the regime.

**Hon. Carla Qualtrough:** That's what I was going to guess, but I didn't want guess.

**Ms. Yasmin Ratansi:** How many employees are responsible for overseeing the corporate accountability?

**Mr. Bill Matthews:** Mr. Chair, as the member mentioned, there is money being requested in the supplementary estimates to augment the team, but currently it's 35 employees. With the dollars in the supplementary estimates, that could grow up to 60. That group right now handles about 26,000 verifications and validations a year. The money being requested relates to the new draft policy. If it is implemented, it will require additional resources because there's more work required and there's a broader scope of offences and things like that. It's currently 35 and could grow to 60 depending on what happens with the new policy.

**Ms. Yasmin Ratansi:** With the new funding, you expect to increase from 35 to 60. Is that right?

**Mr. Bill Matthews:** I would say up to 60, because the new policy is in draft. We don't know what the final policy will say, and the workload will very much depend upon the final policy. The broader the scope of offences and the more linkages to international organizations and provincial laws, the more employees you need for enforcement.

I understand we're out of time.

**Ms. Yasmin Ratansi:** Thank you.

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

Mr. Nicholson, welcome to our committee. You have seven minutes.

**Hon. Rob Nicholson (Niagara Falls, CPC):** Thank you very much, and thank you, Minister and all those with you here today.

Minister, you have a very busy portfolio, I have to say. You've been in this portfolio for, I think, about a year and a half now, and there is lots of going on.

You did talk in your opening statement—and I wanted to go to that first—about the Phoenix pay backlog. It seemed to me that you have, I think you said, about \$25 million as part of these estimates to work on this.

I'll tell you what concerns me. It's an article I saw just a couple of days ago. It was reported on CBC that there was a document "prepared in August 2018 for a deputy minister in Employment and Social Development Canada (ESDC) ahead of a meeting with the

Treasury Board official in charge of helping find a system to replace Phoenix." It says, "As the federal government forges ahead to replace the Phoenix payroll system, internal documents obtained by CBC News through access to information suggest clearing the backlog could take another three to five years," and then it goes on to say that it actually "could take 10 or more years for the system to achieve 'overall stability'."

It's one thing to be waiting 10 years for the rehabilitation of one of our Parliament Buildings, but this Phoenix estimate seems way out of line. Don't you agree? I mean, three to five years.... Many of these employees have suffered enough, and I'm sure you've heard from them, just as I have. It has to be very discouraging to see that report. What are your thoughts on that?

•(1605)

**Hon. Carla Qualtrough:** I have a couple things.

First of all, I share your sense of worry on behalf of public servants. It does continue to keep me up at night, and it continues to keep my team laser-focused on our efforts both to stabilize the system—and by that I would mean to ensure that the software/hardware policy infrastructure is in place so that we can confidently say people are being paid accurately—and to address the backlog. As I said, we've reduced the backlog by 160,000 transactions. Our current dashboard, which is publicly available, shows 275,000 outstanding transactions with financial impact and another 75,000 with non-financial impact.

I am aware of the media reports, and I will say that those numbers are in line with what both the comptroller general and the Auditor General have reported. As I said to this committee, I am more optimistic than that. I think if you see that we've reduced the queue by 29% in the past year, knowing that we'll be at full pod by May...I mean, I guess we could all do the math. I think it's somewhere around three years, but it's not three to five, and it's not up to 10. If you add on to that the reality that we are in the process of replacing Phoenix with the next generation of pay system, there's no scenario where 10 years from now we will still be working on Phoenix.

**Hon. Rob Nicholson:** That is somewhat reassuring.

People have approached me about problems with either getting paid or having been overpaid and then having problems with their taxes. Do you have people within the department who can look at one of these issues, see how to fix it and send out a cheque?

**Hon. Carla Qualtrough:** We sure do, and our team, both within my office and within PSPC, has done a lot of work to create what effectively is a priority list on a sliding scale of...I can't remember what the word is, Les.

**Mr. Les Linklater (Associate Deputy Minister, Human Resources-to-Pay Stabilization, Department of Public Works and Government Services):** Hardship.

**Hon. Carla Qualtrough:** We will prioritize requests based on the agreed-upon level of hardship that a person might be experiencing.

I guess, Les, you could speak more to that—I apologize—but there are mechanisms.

**Mr. Les Linklater:** We have a unit that is dedicated to looking at these types of cases for rapid resolution where there are circumstances of excessive financial hardship. We do have to be careful in terms of our approach. People have a number of pay problems, but we look at severity as a critical factor in terms of no pay, low pay, missing things like severance pay or having inordinate delays with those types of payments. We have in-building capacity to be able to deal with those types of cases.

**Hon. Rob Nicholson:** Now, is the \$25 million...? If you had more, could you do this more quickly? Is that the issue? Is it that you don't have enough money, enough resources, to get this solved more quickly?

**Mr. Les Linklater:** The \$25 million in the estimates reflect a couple of dynamics. The first would be accommodation costs for staff, \$11 million, and the remainder is a re-profile of funding from the previous fiscal year that was not used. It was assigned to a project that we left behind when we moved on with an alternative solution. We've re-profiled the money through the supplementary estimates.

**Hon. Rob Nicholson:** Thank you.

Let me change the subject here and raise one of the issues that you raised, and this is the integrity regime that you have been developing.

One of the things you said in your opening remarks is that you have been getting pressure from industry. I imagine SNC-Lavalin would be one of those companies that would be putting pressure on this area. Is that correct?

**Hon. Carla Qualtrough:** I'm sorry, are you asking if SNC-Lavalin participated in the consultations?

**Hon. Rob Nicholson:** You said that you're getting pressure from industry. I'm just asking.... I'm assuming that they have as big a stake in this as anybody, I would guess.

**Hon. Carla Qualtrough:** I don't know the answer to that directly, but what I meant when I said that was we had put together this industry engagement group, and that would include organizations like Construction Canada. I don't remember all of the others.

Do you have a list?

**Mr. Bill Matthews:** In terms of who we received comments from through the engagement and the draft policy, they were the Business Council of Canada, Canadian Bar Association, Chamber of Commerce, Transparency International Canada, and you may know of others, Les, but it was a broad range of groups and—

**Hon. Carla Qualtrough:** I should have said industry organizations and associations more than individual industry companies. They were more industry associations.

•(1610)

**Hon. Rob Nicholson:** You don't know of any individual companies that have approached you or the department on this issue.

**Hon. Carla Qualtrough:** I don't know the list of the 300 organizations offhand that participated in the consultation, but is that available?

Sorry, I don't mean to be difficult, but I can't recall offhand.

**Hon. Rob Nicholson:** But you have a copy of it, and I think the committee would appreciate getting a copy of that.

**Mr. Bill Matthews:** In terms of the list of organizations that have commented?

**Hon. Rob Nicholson:** Or companies.

**Mr. Bill Matthews:** We can absolutely get you that.

**Hon. Rob Nicholson:** All right. Thank you very much.

**The Chair:** Thank you, Mr. Matthews and Mr. Nicholson.

Unfortunately, we're out of time, but as Mr. Nicholson asked, if you could provide a list in writing of those companies through our clerk, that would be helpful.

Mr. Blaikie, you have seven minutes.

**Mr. Daniel Blaikie (Elmwood—Transcona, NDP):** Thank you.

Carrying on the same theme, I guess my question would be: Outside of the formal consultation process, were there individual companies that contacted the department or met with the department to discuss the integrity regime?

**Mr. Bill Matthews:** I'm going to presume you're asking specifically about SNC-Lavalin, just because we know what's going on these days.

**Mr. Daniel Blaikie:** Yes.

**Mr. Bill Matthews:** We have an ongoing arrangement with them because of the administrative agreement. We have regular dealings with SNC-Lavalin.

Personally, I have not met with them, but because of the ongoing arrangement, the reporting requirements, there's absolutely an ongoing interaction. As part of that interaction, they have asked questions of officials about the draft policy in terms of getting clarity around how it would work if implemented.

I think that answers your question.

**Mr. Daniel Blaikie:** So they have been communicating with the department about the integrity regime as part of the compliance agreement.

**Hon. Carla Qualtrough:** If I might add, it wouldn't surprise me if SNC was on that list of 300, but I can't speak to whether it was or not. It's the second biggest engineering firm in the country. It wouldn't surprise me, but I don't know for sure.

**Mr. Bill Matthews:** We'll just confirm right now that they were on the list. They were one we did receive comments from. They are not the only one, but they were on that list.

**Mr. Daniel Blaikie:** For the minister, do you and your government feel that a 10-year suspension from federal contracts is too severe a penalty for companies convicted of criminal charges?

**Hon. Carla Qualtrough:** I don't think that question can be answered in isolation. Based on the feedback we received and the international best practice, we determined that, if we were going to expand the scope of potential triggers, i.e., offences that could result in debarment, or the business ethics violations of kind of a business ethics that might be included.... If we were going to expand the scope of offences, we needed to have a sliding scope of punishment, if you will.

We couldn't justify giving a company a 10-year ban for a labour code violation an equal ban as, say, a terrorist conviction.

**Mr. Daniel Blaikie:** I think that's something you heard in the consultation, that the severity of the offence committed should determine the time period of suspension.

**Hon. Carla Qualtrough:** Yes.

**Mr. Daniel Blaikie:** In your opinion, is the bribery of public officials a pretty serious offence? Where would you put it on the scale of seriousness?

**Hon. Carla Qualtrough:** If I'm going to be most responsive to your question, I would say that's not my call to make. We have an independent registrar of suspension and ineligibility who makes these determinations and to whom I've delegated absolute authority. I don't have any say in that.

**Mr. Daniel Blaikie:** But you're the minister signing off. Are you not signing off on the integrity regime, and doesn't government have a role in sending...?

**Hon. Carla Qualtrough:** We will be signing off on the policy changes, but the application of that policy falls directly to the bureaucrats.

**Mr. Daniel Blaikie:** Do you not think it would be appropriate to have, in a policy like the one on the integrity regime, some discrimination between more serious charges and less serious charges? That would be an option. I'm just curious to know whether you think that the bribery of public officials is a very serious offence or you think it's not a serious offence. Where does it fall on the scale for you and for your government?

**Hon. Carla Qualtrough:** Our government doesn't have a position on the hierarchy of offences. I think it's determined on a case-by-case basis based on all of the factors applicable in a case. It would be inappropriate for me to make that call.

**Mr. Daniel Blaikie:** There's discrimination in the Criminal Code, for instance, between the severity of offences. Legislation is passed to discriminate between more serious and less serious offences. I'm a little puzzled, frankly—

**Hon. Carla Qualtrough:** We will set the policy parameters.

**Mrs. Alexandra Mendès (Brossard—Saint-Lambert, Lib.):** On a point of order, Mr. Chair, does this have to do with the estimates, really?

**The Chair:** It's on the integrity—

**Mrs. Alexandra Mendès:** Fine, yes, it's about the integrity regime, but not about the application of the integrity.... It has nothing to do with the estimates.

**The Chair:** Madam Mendès, I'm not giving any extra latitude to this, but I am listening very intently to the questions and the answers.

The minister spoke at length in her opening statement about the integrity regime. Mr. Matthews talked about the number of individual companies as well as organizations and industries, and Mr. Blaikie is questioning on the integrity regime and exactly the scope of seriousness. I think that's relevant, and I would ask him to continue his line of questioning.

If I think it's coming to—there's a certain line—I will certainly intervene, as I have done on many occasions before, and I think you know me to be as fair as I possibly can be on these situations. I have not heard anything yet that would cause me to intervene with Mr. Blaikie.

Continue, Mr. Blaikie. You have three minutes and 42 seconds left.

•(1615)

**Mr. Daniel Blaikie:** Thank you very much, Mr. Chair.

Essentially what's happening in these estimates is that the government is asking for about \$2.5 million to implement an integrity regime. Now, we have a variety of offences within the Criminal Code, and nobody thinks that somehow government shouldn't have an opinion about whether certain types of offences are more severe or not or that the code shouldn't automatically discriminate between certain types of offences that are obviously more offensive than are other types of offences. I don't think it would be inappropriate in the integrity regime to make a discrimination between certain kinds of offences as being more serious or less serious.

The minister herself has said that some offences are more serious and others are less serious. I'm asking her how serious she thinks it is that a company bribes public officials in order to get work. I'm frankly a little miffed that I can't get an answer. I thought it was an easy one.

**Hon. Carla Qualtrough:** I guess I'm hesitant to start creating a list ranking offences, and I wouldn't want that to become in any way a strict pronouncement on what the registrar, who is independent, should take into consideration.

**Mr. Daniel Blaikie:** You don't think that in any circumstance—

**Hon. Carla Qualtrough:** What I will say, though, is that the severity of the offence will be one of the factors taken into consideration by the registrar.

Bill, can you...?

**Mr. Daniel Blaikie:** No, it's okay. I don't need an explanation from an official. I think I'm asking political questions about the nature of the integrity regime, and I'm disappointed that I can't get an answer. We leave it up to judges, for instance, to make decisions about the severity of particular offences before the court, but that doesn't mean that we can't, in our law, distinguish between certain offences that are more serious or less serious.



I'm just puzzled that I can't get an answer to that. I'm interested, because I do think that—you've said you want to add more charges and expand the scope, recognizing that new charges may be of a lesser severity than are the existing charges. The question is why can't the 10-year period apply to the existing charges that were recognized as being quite severe, or do you think that the severity of the existing charges was overrepresented in the original policy?

**Hon. Carla Qualtrough:** Sorry, I didn't understand that was the question.

What I will say is that we are making a policy choice, if this new policy is adopted, to add flexibility in the registrar's determination of both the severity of the offence and several other factors that they will take into consideration in the decision around debarment and the debarment term.

**Mr. Daniel Blaikie:** I recognize that there's more flexibility being built in. I guess what I'm disagreeing with is the notion that somehow, to have a flexible policy, you can have no discrimination between the severity of offences at all. Nor do I think it's obvious that in the case of a serious offence the 10-year penalty would be inappropriate. I suppose we'll have to agree to disagree on that one.

It seems to me that part of the interest in modifying the policy is a concern for jobs, trying to maintain jobs within the Canadian economy and shield workers from wrongdoings of corporate executives. I'm kind of interested to know why, if the changes to the integrity regime that are happening now would provide the government a mechanism for shielding workers from the consequences of decisions of corporate executives—and you can tell me if I'm wrong about this—the government would then feel it needs to take ulterior paths to do that; for instance, pressuring the former attorney general to abandon criminal charges.

**The Chair:** Mr. Blaikie, you're completely out of time. One of your colleagues may want to take up that question further with the minister.

We're going to Mr. Peterson now.

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

Thank you, everyone, for being with us again.

Welcome, Mr. Matthews, and congratulations on your new role.

Thank you, Minister, for taking the time.

I want to talk about the integrity regime a little bit, too.

You mentioned that when you first became the minister, around July 2017, there were already steps under way. You elaborated on the groundwork that had already been done, and in your earlier statement you referred to July 2015. Was that a mistake? Did you mean July 2017?

**Hon. Carla Qualtrough:** No. The integrity regime was initially put in place in July of 2015.

**Mr. Kyle Peterson:** Okay.

**Hon. Carla Qualtrough:** Through this ongoing industry engagement, there was a desire for further consultation before any changes were made to the integrity regime. Then we decided to have the consultation in the fall of 2017.

**Mr. Kyle Peterson:** Okay. That clarifies it for me. That was my misunderstanding, and I apologize.

I understand that the public was consulted in two separate phases, or twice, if you will. Why was there the need for the secondary outreach?

• (1620)

**Hon. Carla Qualtrough:** Again, in the spirit of consulting with the public, we consulted on any changes that the public thought there should be. We published a report on what we heard in terms of what those changes could be. We then went away and drafted a new ineligibility and suspension policy. Then the second consultation was putting that out for comment by the public to get any further feedback and to see if it reflected or addressed any concerns or potential betterment of the policy.

**Mr. Kyle Peterson:** Do you foresee that being an ongoing outreach process?

**Hon. Carla Qualtrough:** I suspect it will be, yes.

**Mr. Bill Matthews:** If I could add this, Mr. Chair, in the regular cycle for government policy, typically once you have a mature policy, you're reviewing it every five years, unless something pops up. This is still a relatively new policy by government standards. Fairly frequent reviews of policy, at the two- or three-year marks, are quite common.

**Mr. Kyle Peterson:** When do we expect all this to be finally put in place?

**Hon. Carla Qualtrough:** As I said, we're reviewing the feedback we got on the draft policy. I would say in a month-ish, we will finalize the final policy.

Would that be accurate, about four to six weeks?

**Mr. Bill Matthews:** Yes.

**Mr. Kyle Peterson:** What discretion would a minister—you, in this particular case—have under this regime when it comes to suspensions for specific companies? Would there be case-by-case input by the minister of the day, or is this all going to be done at arm's length?

**Hon. Carla Qualtrough:** There is the position of the registrar of ineligibility and suspension—I might have reversed those two; it's either suspension and ineligibility or ineligibility and suspension—to whom I've delegated complete authority to make these decisions. The minister does not sign off on debarment decisions in this regime. It's completely independent.

**Mr. Kyle Peterson:** Okay. That administrative official would be the one signing off.

**Hon. Carla Qualtrough:** Yes.

**Mr. Kyle Peterson:** Okay. Thank you for that.

I think you're asking for \$2.6 million. What was it? I'm sorry, I may have the number wrong.

Is that going to be sufficient? Will that money be sufficient to get it across the finish line, so to speak?

**Hon. Carla Qualtrough:** It's \$2.8 million. That's our estimation, yes.

**Mr. Kyle Peterson:** Okay. Thank you for that.

I'm going to move along to a different topic now.

I want to talk a little bit about the federal laboratories. I think budget 2018 provided more than \$2.8 million in funding to the new federal labs.

**Hon. Carla Qualtrough:** It's billion.

**Mr. Kyle Peterson:** It's billion? I'm sorry. That's right. I got my number wrong. That \$2.8 billion will do a lot more than \$2.8 million for sure.

How is PSPC partnering with the science department? Who actually carries out the work? Are public servants doing the work or are third parties doing some of the research and science work?

**Hon. Carla Qualtrough:** The big picture here is that when we came into government we encountered a situation where our science infrastructure was dilapidated. That's probably a kind word to put to it. It was very much in need of significant investment, both in terms of the structural infrastructure, the buildings themselves, and in terms of the equipment our scientists were using. There was a lot of duplication. There was a lot of isolation, and departments weren't necessarily capitalizing on what other departments were doing in science.

We set about this journey—the Minister of Science was the lead—to get back into the business of science, but to also take a more strategic approach to how we manage the buildings and the infrastructure which enable the science that we ask of our scientists. We now actually have an ADM who is responsible.

Which of you wants to...? Bill? Everybody is involved in this.

**Mr. Bill Matthews:** Everyone wants to talk about science.

Thank you. I have just a couple of thoughts.

This is about science, but it's largely about collaboration inside the federal government first, with science communities making sure that we get value for money by partnering on the IT front, which Paul probably wants to weigh in on, and on the financial front, the equipment front, laboratories.... It was really about bringing together the science community to make sure that we get good value for money with this investment. It is really a collaborative exercise. It's science first, enabled by some real property investments such as labs, and that's where PSPC comes in at the end of the day, in building whatever it is that is needed to enable the science community.

Paul, you may want to weigh in.

**Mr. Paul Glover (President, Shared Services Canada):** Thank you.

In addition to the science laboratory infrastructure, there is also the data infrastructure. Increasingly, a lot of science is collaborative in nature. It's driven not just by what happens in the lab but by the sharing and interpretation of that through datasets.

We're making sure that we're laying down the infrastructure that will support the scientists in those labs who will be able to deal with large data and to collaborate and to move that within the science network, so that it's not just the facilities but the information flow between those facilities.

● (1625)

**Mr. Kyle Peterson:** I'm probably out of time. Mr. Chair, am I?

**The Chair:** You have about 40 seconds.

**Mr. Kyle Peterson:** I'll end on a comment.

We all have federal public servants in our ridings. We hear about some of the issues they've gone through. We're all sympathetic to and empathize with their plight. We want to thank you for this progress that's being made. Continue the hard work and do what you can do to continue to get this across the line as well with Phoenix.

Thank you.

**The Chair:** Thank you.

Before we go to our five-minute round of interventions, Minister, just for your benefit—and once again, I thank you for agreeing to stay here until we complete our full round of questions—we have about 23 minutes left. I say that for the audience, and for your staff, so they'll know exactly when to get the minister out of here, when to bring out the hook.

Mr. McCauley, we'll go to you for five minutes, please.

**Mr. Kelly McCauley (Edmonton West, CPC):** Thanks.

Welcome back, everyone.

Minister, when did you become aware that the director of public prosecutions declined to offer SNC a DPA?

**The Chair:** Before we go on, Mr. McCauley, do you want to expand on that just a bit for my edification to show the connection?

**Mr. Kelly McCauley:** Certainly. We're also discussing the DRRs, the departmental results reports. There's stuff like this segment, I think, almost this entire page in the department's DRR, about the DPA, about the study and about the consultation.

**The Chair:** Go ahead.

**Hon. Carla Qualtrough:** Thank you.

I actually don't know, honestly, the answer to that question. Certainly, any conversations I have had with cabinet colleagues on... I apologize. I don't know the answer to that question.

**Mr. Kelly McCauley:** Okay.

At any time, did you ever discuss the option of the Attorney General overriding the ruling on the DPA?

**Hon. Carla Qualtrough:** The only conversations I would have had would have been in the context of kind of taking the.... We took a kind of whole-of-government approach to corporate wrongdoing, so—

**Mr. Kelly McCauley:** When you say “we”, who was involved in this discussion?

**Hon. Carla Qualtrough:** I will unpack that, if you don't mind. As a government, we took a very whole-of-government...so we approached corporate wrongdoing not just as a matter of the integrity regime, but we did the consultations both on the integrity regime and the—

**Mr. Kelly McCauley:** But when were these discussions held?

**Hon. Carla Qualtrough:** Sorry. I—

**Mr. Kelly McCauley:** When were these discussions held?

**Hon. Carla Qualtrough:** Well, all throughout the process, because we had to—

**Mr. Kelly McCauley:** In the entire year and a half, including after the ruling was made?

**Hon. Carla Qualtrough:** Sorry, I'm trying to get to the point that the conversations I would have had with cabinet colleagues on this would have been in a context of approaching our whole-of-government approach to corporate wrongdoing, which included consultations both on the integrity regime and on the potential of having a DPA instrument, if you will.

**Mr. Kelly McCauley:** Were you ever approached by the PM, the PMO or anyone in his staff to lower the 10-year contracting ban?

**Hon. Carla Qualtrough:** I feel that that would be covered by cabinet confidence.

**Mr. Kelly McCauley:** So, you can't say no to that.

**Hon. Carla Qualtrough:** I will say neither yes nor no because I'm very, very rigid on my confidence in cabinet confidentiality.

**Mr. Kelly McCauley:** Okay.

Let me ask you this. There are three companies that have been banned under the integrity regime—just three. Only one company has been allowed the administrative leave on the integrity regime. Guess what? It's SNC-Lavalin. What was special about SNC-Lavalin that it got the administrative pass, but the other three companies didn't?

**Hon. Carla Qualtrough:** My understanding is that we have entered into an administrative agreement with this company while there are criminal proceedings ongoing.

**Mr. Kelly McCauley:** How many other companies have applied for this?

**Hon. Carla Qualtrough:** I don't know the answer.

**Mr. Bill Matthews:** We can try to find out during the hearing, if that's helpful.

**Mr. Kelly McCauley:** I'd like to know how many have applied and how many have been turned down, please.

**Hon. Carla Qualtrough:** Can I clarify? I'm not sure it's necessarily a matter of a company's applying for this. It's whether PSPC would initiate and require a company to have one of these agreements to continue contracting with the Government of Canada.

**Mr. Kelly McCauley:** Then did PSPC go out of its way to approach SNC-Lavalin and offer this to it?

**Mr. Bill Matthews:** If I could maybe weigh in, Mr. Chair, the process is that PSPC would issue a notice—

**Mr. Kelly McCauley:** I don't want to know the process. I just want an answer to the question. Did you go out of your way, then, to offer this to SNC-Lavalin?

**Mr. Bill Matthews:** I will answer your question by giving you the process.

PSPC notifies the organizations that they're being suspended—that was our action to the three companies in question—and they then have a chance to respond. Based on their information, there's an assessment based on the actions they've taken: transparency, whether they've changed corporate directors, etc. We then reach an agreement or not. So, the notification is on PSPC. It's not an application process.

**Mr. Kelly McCauley:** It's a relatively rare process, then. Have you done this for anyone else and then continued to ban them from government contracting?

**Mr. Bill Matthews:** I think it's back to the three. Three have been suspended, and someone is....

Michael, do you want to weigh in?

**Mr. Kelly McCauley:** Let me just ask you—

• (1630)

**Mr. Michael Vandergrift (Associate Deputy Minister, Department of Public Works and Government Services):** Mr. Chair—

**Mr. Kelly McCauley:** I'm just going to move on, please.

Did Gerry Butts or Katie Telford or anyone in the PMO talk to anyone in PSPC regarding the integrity regime—not necessarily the DPA, but the integrity regime?

**Mr. Bill Matthews:** Not to me. I'm looking down the table here.

**Mr. Les Linklater:** Not to my knowledge.

**Mr. Kelly McCauley:** So, is it no or not to your knowledge?

**Mr. Bill Matthews:** I can only answer to my knowledge: not to my knowledge.

**Mr. Kelly McCauley:** Minister Qualtrough.

**Hon. Carla Qualtrough:** The only conversations that would have been had would have been as cabinet deliberated the integrity regime and sought policy input on the direction we would go. Certainly, under the broader envelope of corporate wrongdoing, there would have been discussions that, as you can appreciate, would be covered by cabinet confidence.

**The Chair:** Mr. McCauley, you have about 20 seconds.

**Mr. Kelly McCauley:** Okay.

The Ottawa Citizen, in an ATIP we have, says that the PMO directed PSPC to start the review of the integrity regime. Is that correct?

**Hon. Carla Qualtrough:** The review was well under way when I assumed the position.

**Mr. Kelly McCauley:** I didn't ask if it was well under way. Did the PMO direct PSPC to start this review?

**Hon. Carla Qualtrough:** To the best of my knowledge, no, but as you can appreciate, I assumed this role in July 2017, and it was well under way.

**Mr. Kelly McCauley:** So, the ATIP that we have saying so from the government—

**The Chair:** Mr. McCauley, I'm sorry. We're completely out of time.

We'll go now to Mr. Drouin.

[*Translation*]

You have five minutes.

[*English*]

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

I'm just going to make one comment on the integrity framework.

I was in Ottawa before 2015, paying attention to this particular issue. Mr. Nicholson would recall this because he was sitting at the cabinet table. The original integrity framework proposal included affiliates, and that was taken out of the equation because the government of the day understood that if an affiliate was accused of wrongdoing in other countries, this would have severe consequences to companies in Canada and, most importantly, to employees in Canada. So, there is no big conspiracy about one company's trying to get away with it. It was about employees, and it was impacting a lot more than just one particular company.

Let's go back to Phoenix, Ms. Qualtrough. Thank you very much for being here. I do have a lot of public servants in my riding, and one of the things they constantly ask me is how we are doing on this. What progress can I tell them we've made since this thing started?

**Hon. Carla Qualtrough:** I don't mean to sound cheeky, but when I was here a year, a year and a half, two years ago at different committees, the marching orders to the team were how do we stop the numbers from going up. Now the marching orders are how do we make the numbers go down more quickly. So, we've definitely had a turnaround on this file.

As I said, we've reduced the queue by 160,000 transactions. We have 1,500 employees working on this. We will have every department as a pay pod client, so public servant satisfaction is continually going up. We have emergency pay in place. We have modified the tax law so that public servants will only have to pay back net overpayments instead of gross, which was a major pain point and something that worried us all until we managed to slay that dragon. There has been definite advancement, but it's not quick enough.

**Mr. Francis Drouin:** I've noticed that your department has been pushing for pay pods, and obviously there have been successes with the pay pod model. Can you talk to me about that?

**Hon. Carla Qualtrough:** What we had tried at first was to take a transactional approach to addressing these issues, thinking there would be efficiencies in attacking all of one type of transaction at a

time. Certainly I would refer to disability and maternity leave as those cases where we still do that.

However, what we heard from public servants in how they were experiencing this was that they weren't being made whole. Therefore, we needed a model that would address all of the transactions of a particular employee at a time.

Of course, that meant we weren't necessarily reducing our number of employees, but we were reducing the number of transactions. As we moved into a pod model, which was the suggestion of the employees at Miramichi, we noticed greater client satisfaction and greater employee satisfaction in Miramichi because we were taking more of a people approach to this.

What I predict, if you'll indulge me, is that this will be stabilized. Backlogs within departments will be achieved on a rolling basis, corresponding to when a particular department went into a pod model.

**Mr. Francis Drouin:** For Joe and Jane Porch, when we talk about a pay pod, what does that look like?

**Hon. Carla Qualtrough:** Thank you for asking. It's a fun way—I'm being cheeky; I apologize.

It's a way to describe a team of compensation advisers and other experts who are tasked with dealing with the pay issues of a particular department.

Les, can you tell me about the team members for a given pod?

• (1635)

**Mr. Les Linklater:** Certainly.

We have experienced compensation advisers. We have support staff who are able to help with more straightforward transactions. There is a data analytics capacity to be able to predict and channel the workload to the appropriate staff who have the skills to be able to deal with particular transactions. There are also coaches and mentors so that when people hit a sticky wicket there's somebody they can reach out to in order to get help to deal with the work that's in front of them.

All of that help works with a team lead, who has the liaison function with the department and agency, both with their human resources and financial groups, to make sure that the flow of information goes between individuals and they build the relationship for the department within the respective pod.

**Hon. Carla Qualtrough:** What we have seen is the expertise developed within the pod with respect to the particular department or agency. The group tasked with working with Veterans Affairs, for example, would know the kinds of nuances of that work, the type of overtime they do and the quirks in the collective agreement. It's a very important relationship that's being built and we are being very well served by them.

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

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

**The Chair:** Mr. McCauley, we're going back to you for five minutes.

**Mr. Kelly McCauley:** Thank you very much.

I just want to bring this to your attention. This is from an ATIP document and actually states:

Following a direction from the Prime Minister's Office to undertake consultations over the summer of 2017,

It goes back to my question of whether the Prime Minister ordered it. This is right from an ATIP document from the government itself, so it was.

Minister, let me ask you a question, please. The Clerk of the PCO, in the justice committee, referring to SNC and the potential for them to get a DPA, said, "The matter was never discussed at cabinet, never.":

Is he correct that it was never discussed at cabinet?

**Ms. Yasmin Ratansi:** Mr. Chair, I have a point of order on relevance.

**The Chair:** Madam Ratansi, I'm still paying quite a bit of attention here.

Again, we're talking about the integrity regime. The relationship to the estimates is that the officials before us, plus the minister, have come asking for \$25 million to enhance the integrity regime.

**Ms. Yasmin Ratansi:** It's \$2.6 million.

**The Chair:** DPAs are part of that integrity regime. The minister and others, even members on the government side, have referred to the SNC-Lavalin affair.

I understand where you're coming from, but there is a connection that I can see, so I think there is some relevance.

Mr. McCauley.

**Ms. Yasmin Ratansi:** Okay, until we see—

**Mr. Kelly McCauley:** Is there an answer, please?

**Hon. Carla Qualtrough:** As a point of clarification, the DPA is a Criminal Code tool. It's not part of the integrity regime.

I'm happy to answer, although it will not be satisfactory to you because I will say that the decision of whether or not to proceed with a DPA is definitely within the purview of an independent public prosecutor.

Whether or not that regime is discussed at cabinet I believe would be covered by cabinet confidence.

**Mr. Kelly McCauley:** Okay.

During that same testimony, the Clerk of the Privy Council said that there were concerns raised by the Liberal caucus about potential job losses at SNC. Were you one of those people in the caucus who raised those concerns?

**Ms. Yasmin Ratansi:** Mr. Chair, I think that's—

**The Chair:** Please. I said I have been listening intently and that if I thought there was a line we were either getting close to crossing or crossing, I would intervene.

I think we've reached that line, Mr. McCauley.

**Mr. Kelly McCauley:** I'll move on.

SNC lobbied your department many times, including on September 27, which was right in the middle of the consultation

on the integrity regime. Was that lobbying regarding the integrity regime?

**Mr. Michael Vandergrift:** I'll go back to what Mr. Matthews said earlier about the ongoing work SNC does with the department in terms of the administrative agreement that they have and ongoing meetings we have with them regarding semi-annual reports and third party monitors of their functions.

**Mr. Kelly McCauley:** This wasn't meetings. This was lobbying. This was from the lobbying registry. They lobbied PSPC on September 27 in the midst of the integrity regime consultations.

What was the lobbying about?

**Mr. Michael Vandergrift:** I can't speak to that, Mr. McCauley.

**Mr. Kelly McCauley:** Anyone?

The new rules for the regime were supposed to be in effect on January 1 this year. Do we know when they're actually going to be put into effect?

**Hon. Carla Qualtrough:** As I said, we anticipate the new policy to come out within the next four to six weeks.

**Mr. Kelly McCauley:** Who will be the registrar within PSPC deciding who gets the administrative exemption?

• (1640)

**Mr. Bill Matthews:** The ADM responsible is a lady named Johanne Bray. It's been delegated to her by the minister.

**Mr. Kelly McCauley:** Has she met with anyone from SNC?

**Mr. Bill Matthews:** We can ask her because she's sitting behind us. We'll get you an answer.

**Mr. Kelly McCauley:** Great. I would like to know if anyone from the PMO has met with her, as well. Can you please ask her?

Have we set up an ethics screen between the ADM you mentioned and perhaps lobbyists, like SNC, etc?

**Mr. Bill Matthews:** An ethics screen would come into effect if you have a pre-existing conflict. She does not, so there's not an ethics screen from that perspective.

**Mr. Kelly McCauley:** In that case, then, I assume she's never met with them.

**Ms. Yasmin Ratansi:** Mr. Chair, I have a point of order.

I know that you are reviewing the questions asked, but what does an ethics screen have to do with our supplementary estimates?

**The Chair:** Mr. Matthews, I believe, was in the process of answering the question. I'd like to hear the completion of his answer.

Mr. Matthews.

**Mr. Bill Matthews:** It's a pretty short completion.

There's no pre-existing conflict. Any time there's an administrative agreement in place, she would have regular dealings with one of those organizations, which include SNC. That would be part of her job right now because there's an administrative agreement in place.

**The Chair:** Mr. McCauley, you have about a minute left.

**Mr. Kelly McCauley:** Besides the 80 departments, two Crown corporations have signed on to the integrity regime, but that does not include the Infrastructure Bank, which of course is involved with SNC with the only single project the Infrastructure Bank is doing.

Do you believe the Infrastructure Bank should be brought on board the integrity regime?

**Mr. Bill Matthews:** That's a decision for the Infrastructure Bank.

There's a broader question about organizations that are arm's length or semi-detached from government. Do you apply this regime to them? We currently have arrangements, MOUs, in place with two Crown corporations. One is Defence Construction and Windsor-Detroit Bridge Authority, I believe, is the second one. Those are the two arm's-length organizations we have a formal MOU with.

**Mr. Kelly McCauley:** When did the Windsor bridge authority sign on? Was it after SNC was turned down for the bid for that job?

**Mr. Bill Matthews:** We'd have to get back to you on that one.

**Mr. Kelly McCauley:** How much time do I have, Chair?

**The Chair:** You have 10 seconds.

**Mr. Kelly McCauley:** Thank you for your indulgence today.

**The Chair:** Madam Yip, you have five minutes, please.

**Ms. Jean Yip (Scarborough—Agincourt, Lib.):** Thank you to all of you for coming.

I'll go back to Phoenix.

Minister, are there further steps you plan to take in the coming months to increase the speed with which transactions are processed?

**Hon. Carla Qualtrough:** Thanks for the question.

We are at the point where every department and agency served by the pay centre will be in a pod in May. We are constantly looking for innovative ways to address any kind of systemic barriers to dealing with this more quickly.

Les, can you tell us a bit more about what's coming up?

**Mr. Les Linklater:** Certainly. Over the summer, we posted a request for information under six streams to allow private sector vendors to bring forward innovative ideas on a number of fronts, such as additional automation at the pay centre, better user experience for employees through the tools that have been developed, or human resource training and the approach to staff development around the system.

We are now in the process of soliciting feedback from those vendors under those six streams. We are in a position to be able to move forward very quickly with contract awards for a couple of bids in the next number of weeks on the automation front, which will allow more access to new ideas to help speed up some of the processes that may be manual now that have an opportunity to be automated.

**Ms. Jean Yip:** Thank you.

This pay uncertainty may affect departments' ability to do their work. I can certainly empathize with the uncertainty and the anxiety. I'm wondering if you can comment on the retention of employees and recruitment of new employees.

**Hon. Carla Qualtrough:** It's a concern of mine. It's a concern that there is a legitimate perception out there that there's uncertainty as to whether, if you come to work for the Government of Canada, you'll get paid properly or not. We are taking a whole bunch of steps to address that perception, but in the meantime there is that uncertainty.

We are trying to inform people as best as possible of the immediate steps—and I'll refer again to emergency pay that can be taken if they are faced with a pay issue—but I will not in any way underplay the uncertainty and anxiety that people are facing because of this.

• (1645)

**Ms. Jean Yip:** Can you tell me a bit more about the emergency pay?

**Hon. Carla Qualtrough:** Les, would you mind giving us the technical side?

**Mr. Les Linklater:** Essentially, departments and agencies have the authority, when regular payroll doesn't run, to issue from their financial group what we call an emergency salary advance or a priority payment. When Phoenix went live, of course we had hundreds, if not thousands, of occurrences each pay period where people were not getting the appropriate pay or were getting no pay at all. We worked with departments and agencies to ensure there was a more streamlined process and access for individuals to reach their managers and deputies, as required, to receive these emergency salary advances and priority payments.

Over time, as we've improved the functionality and stability of the system, we're now in a position whereby, if we know when we run the pay that the confirm hasn't worked for an individual and they will get no pay or low pay, we can prepare a report in advance and share that with the department or agency. This enables them to proactively reach out to the employee to ask if they would like an emergency salary advance or an additional priority payment to be able to tide them over until we can correct the pay in the next pay run.

The gaps of no pay or low pay are occurring very seldom compared to when we first went live, because of the advances and improvements through the collaboration with departments.

**The Chair:** You have less than a minute.

**Ms. Jean Yip:** In looking towards transitioning from the Phoenix system to the new system, will the new pay pods continue to provide assistance? How will you bridge that?

**Hon. Carla Qualtrough:** Our role in this whole thing is twofold. It's to stabilize Phoenix and make sure employees are paid accurately and on time, but it's also to ensure that the data we will pass on to the next system is clean. It is way too premature to speculate what the new system will look like. I can assure you that we will learn from every lesson and hard-fought victory on this file as we proceed to that new system, including keeping Phoenix live until we have absolute certainty.

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

Our final intervention will come from Mr. Blaikie, for three minutes.

**Mr. Daniel Blaikie:** Thank you, Mr. Chair.

Minister, you've talked about the role of the registrar of ineligibility and suspension, and indicated that the registrar will be making independent decisions about whether or not to suspend companies from bidding on federal contracts. In fact, you likened that to the role of the director of public prosecutions, who also makes independent decisions.

However, we know that in that case there is the ability of the Attorney General to override decisions made by the director of public prosecutions. I'm wondering whether, in the final version of the integrity regime, there will be any kind of ministerial prerogative or government ability to override decisions taken by the registrar.

**Hon. Carla Qualtrough:** I can confidently say no.

**Mr. Daniel Blaikie:** Okay, so those are going to be completely independent decisions, but there isn't going to be anything in the integrity regime that gives any signal in terms of the severity of offences. That means we're going to have somebody making completely independent decisions, with no ability for government to review those decisions, but also giving no direction in advance as to what the government would consider to be on the more strict or extreme range of offences versus smaller offences.

**Hon. Carla Qualtrough:** I will definitely take that feedback under advisement. What I would say is that the severity of the offence is a factor the registrar will take into consideration, but I—

**Mr. Daniel Blaikie:** But there is no guideline for what counts as a severe offence. For instance, judges make decisions in criminal trials about the severity of an offence, but they do get direction through the Criminal Code. Petty theft and homicide are not treated the same in the code. It's the judge's independent decision about what's happened and the severity of that within a category of offences, but there is direction given in the Criminal Code as to what's considered a very serious offence and what's considered a relatively minor offence.

What you are contemplating is giving no such direction, and absolute independence to the registrar. That's what I've heard today.

Am I wrong about that, and if so, how?

**Hon. Carla Qualtrough:** I understand the analogy you are making. That is why we're putting in "up to" 10 years; and the types of things that the registrar will be obligated to take into consideration, including the severity of the offence, will include prior offences, mitigating circumstances and...

Give me some more examples, guys.

• (1650)

**Mr. Bill Matthews:** Those factors are documented, indeed, in the documents that are out there—things like the role of the supplier or contractor in the offence itself, and whether it is a primary or secondary player.

**Mr. Daniel Blaikie:** Sure, but that's within a category of offences. There won't be any discrimination between classes of offences themselves, and whether some are considered more severe or less severe.

**Mr. Bill Matthews:** Severity is in there, as well as the financial gains realized, their ability for voluntary disclosure and prior behaviour. That's a bucket of factors, but severity of offence is absolutely a factor.

**Mr. Daniel Blaikie:** Then what counts as a severe offence, and what—

**The Chair:** Sorry, Mr. Blaikie. We're completely out of time.

Minister, I want to sincerely thank you for extending your time with us here today. I know you were only scheduled to be here with us until 3:30 p.m. You've extended that considerably. I know your staff is anxiously waiting to get you out the door to your next appointment, but I do thank you for being here.

**Hon. Carla Qualtrough:** Thank you for your time, as well.

**The Chair:** You're very welcome.

Colleagues, we will suspend for about five minutes, while the minister clears the room, and then we'll continue with the officials left at the table.

• (1650)

\_\_\_\_\_ (Pause) \_\_\_\_\_

• (1650)

**The Chair:** Colleagues, we're going to start again.

For the benefit of everyone around the table, we will be adjourning at 5:30 p.m. sharp, which gives us a bit of a truncated second tranche of questions and answers.

Mr. Matthews, I understand you have a bit of an abbreviated statement. If you could get into that, and then we'll try to get to our questions as quickly as possible.

**Mr. Bill Matthews:** Thank you, Mr. Chair.

We circulated a deck to all members in advance of the meeting, both I and the deputy minister from Shared Services Canada, just to situate the hearing on estimates.

You have three things in front of you: the plan for 2017-18, which seems like a long time ago—our results; the supplementary estimates for the current year; and interim estimates for the upcoming fiscal year. That's all bundled into one hearing.

If you have the deck in front of you, I'll take you very quickly to slide 3. This is a PSPC slide. I want to flag where we are. In authorities to date, plus supplementary estimates (B), in relation to the previous year, we're up about 2%. So PSPC, as a department, is basically seeking, or on track for, 2% more authorities than it had the previous fiscal year.

On slide 4, some of this has been touched on, but here are the highlights in terms of what we are seeking in supplementary estimates (B): new authorities related to card acceptance and postage fees; some space requirements for Government of Canada employees, \$28 million; some adjustments to existing authorities, which relates to revenue from sales of real property, and we're happy to speak about what those properties are; and some authorities related to the pay system. Then there are some transfers back and forth between PSPC and other departments. The big one in there relates to a transfer from the National Research Council for contracting work around the build in Canada innovation program.

On slide 5, 2019-20, the upcoming fiscal year...

• (1655)

**Mrs. Alexandra Mendès:** Could we have pages rather than the slide numbers, if you don't mind?

**Mr. Bill Matthews:** It should be slide—

**Mrs. Alexandra Mendès:** Sorry, is that page 5?

**Mr. Bill Matthews:** That should be page 5, yes, *mes excuses*.

In terms of the interim estimates, the money the department needs to kick-start the upcoming fiscal year, it's a formulaic approach. We basically take the authorities for the current fiscal year and ask for a fraction of those. For our operating dollars we're asking for four-twelfths, if I have that right, Marty. For our capital, we're asking for three-twelfths just to get it started.

Next is slide 7, or page 7. I know sometimes the departmental results frameworks are a little bit confusing to follow, so we have a crosswalk for you about our previous results framework and how it relates to the strategic outcome and program alignments. Current results are on the left and old program names are on the right, to allow you to do that crosswalk.

I apologize for the whirlwind tour through the deck.

Paul, is there anything you want to add on Shared Services Canada?

**Mr. Paul Glover:** Thank you very much. I would say very briefly that slides 10 through 12 speak to the \$26.9 million increase that Shared Services is looking for. It's about a 1.3% increase, as the minister said earlier. That's for cybersecurity, just a little over \$23 million. There is some \$2.2 million for core technologies that we provide to the public service. As more public servants come on, there are basic, core technologies we provide for them, and some work we're doing on secure phones and technologies. That is what is enunciated on slides 10 through 12.

**The Chair:** Excellent. We'll go directly into our questions, and start with Madam Mendès, for seven minutes, please.

**Mrs. Alexandra Mendès:** Thank you very much, Mr. Chair, and thank you to all of you for being here.

I would like to start with the work being done by TBS, in collaboration with PSPC, about the new pay system. What's being done? What has been part of the estimates you put in this budget? You've invested a lot of money in Phoenix, and in stabilizing Phoenix. I get it. I understand why, but what is being done now for the new pay system? What is the expected timeline around that?

Perhaps Mr. Linklater could respond.

**Mr. Les Linklater:** Mr. Chair, as you will recall, Treasury Board Secretariat was allocated \$16 million over two years in budget 2018 to explore options for the next-generation pay system. That work is being led by the chief information officer, Alex Benay, at Treasury Board Secretariat. There are connections with the work we're doing on stabilization, because we do need to have a stable system with data integrity prior to launching a new system, whether on a pilot basis or what have you. Treasury Board has engaged in an agile procurement process to determine whether or not there is software that would be able to function in support of the Government of Canada's pay environment. They are going through a gating process to winnow down the number of vendors who would potentially be able to provide that kind of support, whether as a unique vendor or multiple vendors.

In terms of specific detail, I wouldn't want to go too far without referring to the experts. I would recommend Mr. Benay and the Treasury Board Secretariat for further detail on their process and their go-forward strategy.

• (1700)

**Mrs. Alexandra Mendès:** You are collaborating on this measure.

**Mr. Les Linklater:** Absolutely.

**Mrs. Alexandra Mendès:** Thank you very much.

I would now like to go to the defence procurement aspect, and how that has been changed, and how it has evolved for the past year and a half. First of all, what steps have been achieved, and what is the immediate future looking like in terms of defence procurement? I know that the minister spoke about the interim fighter jets, and the procurement for the new ones, but shipbuilding is also a big part of the government procurement process.

I would be very happy to hear from you, Mr. Fillion, if you would like, or Mr. Matthews.

**Mr. Bill Matthews:** Mr. Chair, maybe I could start and then kick it to my colleague André to correct me when I misspeak.

In terms of defence procurement the minister did highlight, as you've mentioned, the ships and news around jets. The next large procurement coming up is around future air crew training. That's under way, and we can maybe get Mr. Fillion to comment on that. That's the next big one.

In terms of process fixes in how we make defence procurement more efficient, the most recent innovation is around a risk-based-authorities approach.

PSPC, in conjunction with DND procurement—only when the two of them are collaborating.... Treasury Board has put in place new authorities which basically give us more scope to do procurement, without going to Treasury Board for approvals. About 150 factors get applied in the procurements. If it's low enough risk, or medium complexity, we've freed up some process there. That will make procurement more efficient going forward. Treasury Board retains the right to pull in any procurement they want for a discussion and approval.



That's the most recent innovation on defence procurement.

André, is there anything you want to add?

**Mr. André Fillion (Assistant Deputy Minister, Defence and Marine Procurement, Acquisitions Program, Department of Public Works and Government Services):** You mentioned the next major procurement, the future air crew training which is basically to replace the pilot training contracts that we have in Moose Jaw, Saskatchewan, and in Southport, Manitoba, and also some of the training that occurs in Winnipeg by the air force, by one large, all-encompassing air crew training system that would come into place in the 2020s.

Before the holidays we had narrowed down the list of suppliers. We're engaging constantly at the moment to develop their request for proposal which we would like to issue early next year.

[Translation]

**Mrs. Alexandra Mendès:** Mr. Fillion, does this have anything at all to do with the current shortage of pilots? I know that is not why you will be moving your training centre. I assume that is a question of efficiency. However, we know that there is a major pilot shortage. Do you feel that it will be a way to resolve the shortage in the air force?

**Mr. André Fillion:** I would like to clarify that the location of the training will not change. However, all contracts will be combined into a single training system for all pilots. When we reach the point of determining the contractual requirements of the entrepreneurs who are interested, we will certainly consider the future needs of the Royal Canadian Air Force for pilot and air crew training. In the meantime, the current contracts continue to meet the needs, and the RCAF handles them.

[English]

**Mrs. Alexandra Mendès:** Do I have any time left?

**The Chair:** One minute.

**Mrs. Alexandra Mendès:** Oh, yes, another very fascinating aspect of what you do at PSPC is maintaining federal properties.

**Mr. Kelly McCauley:** I've been waiting for this moment.

**Mrs. Alexandra Mendès:** Well, actually, it does interest me.

As part of our history and as part of how we try to build a history in this country, which is quite new, quite young, the minister mentioned that there has been some streamlining of property, sales, and some revenue that was generated through the sale of some properties, to maintain and better restore other properties.

Which one of you would be willing to touch on that? I would be happy to hear about it. The sales and the—

• (1705)

**The Chair:** Unfortunately, it will be none of you since we're completely out of time, but you may like to respond in writing to the clerk following this meeting.

We'll now go to Mr. McCauley for seven minutes, please.

**Mr. Kelly McCauley:** Great. Thank you.

Mr. Matthews, we're talking about the interim estimates. In your interim estimates, when you say three months of 12, is that three of

12 of next year's projected spending, or based on this year's year-to-date spending?

**Mr. Bill Matthews:** It's based on the current year authorities. Correct me if I'm wrong, Mr. Muldoon. Yes, we have that right. Basically, we take our estimates in terms of what we have asked for to date from Parliament—so not spent but to date.

**Mr. Kelly McCauley:** Is that a general direction you received?

**Mr. Bill Matthews:** There are general guidelines out there to departments about how to plan. Where it gets different is that some departments have very lumpy expenditures. They're not always evenly spread so you have to factor that in.

**Mr. Kelly McCauley:** You answered my question.

Mr. Vandergrift, you haven't had a chance to speak much, so I'll go to you.

Who made the decision to change the production order at Seaspan?

**Mr. Michael Vandergrift:** That was made by the Government of Canada working with the yard to identify what would be the most efficient order in which to produce the vessels, based on the latest available information of where Seaspan is in their production.

The purpose of this really is threefold. By moving joint support ship one first, ahead of the offshore oceanographic science vessel, that allows the yard to focus, first of all, its engineering resources on one vessel at a time as opposed to designing two vessels at the same time. It allows—

**Mr. Kelly McCauley:** Was just the original production order incorrect, or is this because of the delays in their ships, the welding issues that have been going on? Why? This is pretty significant—

**Mr. Michael Vandergrift:** We've all learned a lot as we've worked through this program. I think it's the learnings of the program and also assessing where the yard was at that point in time, and how it could become the most efficient build order possible. That's the conversation we set out to have with the yard.

**Mr. Kelly McCauley:** The supply ship is the Berlin class, I understand. Have we signed off on a design contract for that yet?

**Mr. Michael Vandergrift:** Oh, yes.

**Mr. André Fillion:** Yes, we have. In fact, construction already started on the blocks last year.

**Mr. Kelly McCauley:** I know the blocks construction started a while ago, again because of other issues, but we've actually signed off on the design contract.

**Mr. André Fillion:** Absolutely, and as Mr. Vandergrift just mentioned, the resequence will lead the shipyard in Canada to focus its attention on finishing the design work on the joint supply ships so we can start full production—

**Mr. Kelly McCauley:** Are there any costs involved in this and who's going to eat those costs?

**Mr. André Fillion:** We have cost estimates for all the vessels.

One of the reasons, I think, as Mr. Vandergrift mentioned, there was logic in changing the sequence was to allow for the oceanographic science vessel...so we can mature the design to remove some of the risks. In fact, we can see a potential reduction in costs as a result of giving ourselves more time to mature that design and not try to push the team to try to finish two designs concurrently and very fast. The cost estimates are evolving, but we see mitigation on costs as we are trying to mature the design so we don't start production too prematurely.

**Mr. Bill Matthews:** Just to be blunt, Mr. Chair, the design around Berlin and JSS is more mature than the other ships. So that was the crux of the reordering.

**Mr. Michael Vandergrift:** It allows right from the early blocks into full rate production as opposed to having another construction.

**Mr. Kelly McCauley:** How much was driven by the need to get the second supply ship out, or is it just happenstance?

**Mr. Bill Matthews:** There's a need for ships for both clients, Mr. Chair. It was a matter of how you get ships produced in the fastest way possible. By focusing on the JSS with the more mature design, early blocks already started, it just was a more logical flow.

**Mr. Kelly McCauley:** Sure. What I'm getting at is there's an obvious need to get the second supply ship—it's already late—as soon as possible. Instead of changing the order, was any consideration given to the *Obelix*?

**Mr. Bill Matthews:** In terms of the costs around a second interim ship, it's better for defence to answer them, but there are costs around them.

**Mr. Kelly McCauley:** Not costs, timing; the timing of the second ship out.

**Mr. Bill Matthews:** The two go together. If you're looking at trying to solve a timing problem, you have to look at costs, and the costs weren't worth the investment.

**Mr. Kelly McCauley:** How is the change in order of the ships going to affect the polar icebreaker?

**Mr. Michael Vandergrift:** Mr. Chair, the timelines on that ship are under review right now. We're working with the yard on that. It's too early to give a precise time on the polar icebreaker, but we understand the need for that project to proceed.

• (1710)

**Mr. Kelly McCauley:** I want to stick with the *Diefenbaker*, the polar icebreaker.

The Library of Parliament put out a report in June 2015, which said “the delivery date had been pushed back to fiscal year 2021-2022 and the cost of the project increased to \$1.3 billion by 2015.” I asked them to update the report. This was after the last time we had you in committee. Their report was that no info is available and the timeline is to be decided.

I have to ask, after so many years and the cost of this ship and the importance of this ship, how is it that we're sitting where we don't even know when we're going to start and finish the ship? How is this possible?

**Mr. André Fillion:** We know the work program that Vancouver Shipyards has to deliver on, and it includes the polar icebreaker. As you may know, they are moving forward right now with two

deliveries of the fisheries science vessel this year, and the third one next year. The attention now is fully on getting the JSS design completed so that full production can start next year with the oceanographic science vessel following and then JSS number two. So the work on the design—

**Mr. Kelly McCauley:** No, I don't deny the timeline, but how is it possible after so many years into the NSS, the importance, and we don't even have a timeline?

**Mr. André Fillion:** We have a timeline in the sense—

**Mr. Kelly McCauley:** We don't even know when it's going to be started or completed.

**Mr. André Fillion:** We have a timeline in the sense that the delivery of the polar icebreaker will follow the delivery of the second JSS.

**Mr. Kelly McCauley:** When will the second JSS be delivered then because then I can figure out when when the polar icebreaker—

**Mr. André Fillion:** The design work for that will start as we finish the OSV.

**Mr. Kelly McCauley:** So we have no idea. Do you find it acceptable this late that we have no idea?

**Mr. André Fillion:** We have an idea.

**Mr. Kelly McCauley:** When then? What year?

**Mr. André Fillion:** Following the delivery of JSS which is in 2024-25.

**Mr. Kelly McCauley:** I want to quote for you. This is from the commander of NORAD—

**The Chair:** You have about 10 seconds.

**Mr. Kelly McCauley:** That's perfect. Actually, I have 37 seconds.

**The Chair:** No, you have 12, 11, 10....

**Mr. Kelly McCauley:** Thank you, gentlemen.

**The Chair:** Thank you.

Madam Hardcastle, welcome to our committee.

**Ms. Cheryl Hardcastle (Windsor—Tecumseh, NDP):** Thank you very much for having me. I will use my seven minutes.

I'm interested in asking a little bit about our Phoenix pay situation. I'm from the riding of Windsor—Tecumseh. A lot of people are asking about the situation and the light at the end of the tunnel, and the responsiveness of the government, not just in terms of how it's actually, literally responding, but also in terms of how nimble it is. This situation has proven that the government isn't in this situation.

I want to ask about two things in terms of the responsiveness. Maybe you can give us a clearer picture of that nimbleness.

Can one of you or maybe a few of you elaborate a little bit on the pay pods method? My understanding is that it was supposed to help mitigate the stress and the crisis situations for, obviously, people who live paycheque to paycheque. Maybe just elaborate on how that is working, and any lessons we've learned from it that we can use to strengthen performance in the future.

**Mr. Les Linklater:** Certainly. As the minister mentioned, we have seen progress with the pod model since it was launched with a pilot in December 2017, in three departments. We've been working since then with the staff at the pay centre in Miramichi and in our regional offices to expand the model as quickly as we can, with the appropriate level of staff and support to provide the leadership, the training and the coaching to allow the transition to a pod.

Essentially, Mr. Chair, a pod is a group of about 25 compensation staff, which include experienced compensation advisers, support staff who literally are taking both theoretical training and training on the job. They start off with straightforward transactions in the pod and then grow their knowledge base over time, supplemented with training. The pod is also equipped with a team lead, a data analytics specialist to help direct workload to the right people, to make sure that what comes in can be dealt with within the right time frame, the current pay period, so nothing new becomes old.

What happens with the pod, with this organizational structure, is that linkages are made back to the departments that they are serving, so direct connections with HR and with the finance groups, to allow information to flow back and forth. It allows departments to identify which priority transactions they would like the pod to work on to respond to their own particular circumstances. Some departments choose to deal with the oldest cases. Some departments choose to deal with the most complex cases, regardless of age, but that's based on their own feedback and their interaction with their staff. We work with them to grow those relationships.

At this point we are into the third wave of pod rollout this week and next. We'll now be at about 70% of pay centre staff being served by a pod, and that number will reach 100% by the end of May. What we've seen in terms of results is that, on average, even with the staggered rollout, the pods have reduced the backlog or the queue for their departments by almost 30%, whereas generally the reduction has been 25% across the entire network over the last 12 months. We are seeing the benefits of this.

Once all departments are on the pod, we will continue to see benefits as the service ratio is quite a bit smaller than is a transaction-based ratio. Fewer people can serve more people because of the structure and the knowledge sharing that happens, the skills development that happens. At the same time, we see that departments are understanding more what they can do within their own HR or finance departments to streamline processes to improve the flow of information back and forth. Essentially, the pod is dealing with an individual's file so that, as they clean things up, once a person is made whole and nothing new becomes old, they stay whole and their files remain clean.

• (1715)

**Ms. Cheryl Hardcastle:** How much time do I have?

**The Chair:** You have two minutes.

**Ms. Cheryl Hardcastle:** Okay. Really quickly, then, I'm just asking, if anybody has asked about the integrity regime. I just came in and—

**Voices:** Oh, oh!

**Ms. Cheryl Hardcastle:** If that's already done—

**A voice:** There's not enough time.

**Ms. Cheryl Hardcastle:** There certainly isn't. There's never enough time to champion working-class people who are working hard in our government as well.

I guess what I'd like to ask really quickly is: Is there still effort going into fixing Phoenix?

**Mr. Les Linklater:** Yes.

**Ms. Cheryl Hardcastle:** We're looking for a new system. Is there some off-chance that somebody's going to decide that no, we're going to fix Phoenix, that we're going to stick with this, or have we already decided we're fixing it in the interim and we're moving into something new?

**Mr. Les Linklater:** The government, in budget 2018, made a very clear signal that they were looking for a next-generation HR-to-pay system. The Treasury Board Secretariat, under the chief information officer, is now looking at options for what that new system could/should look like based on available software.

There is a process now to evaluate potential vendors to be able to test options for moving forward. I'll underline, though, that it will be years before any new system would be fully functional. That means we need to continue to invest in stabilization efforts with Phoenix. Phoenix will remain the system of record until the data is clean enough to be able to transmit or transfer to a new platform. That's going to take a number of years to accomplish.

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

Our final intervention will be with Monsieur Drouin for seven minutes.

**Mr. Francis Drouin:** I have the final intervention. I feel so special.

Thanks again for being here.

I do want to touch on procurement, but first I have to ask a question on supplementary estimates (B). There's \$19.9 million for Shared Services for cyber and information technology security initiatives. What type of initiatives is SSC undertaking with that particular portfolio?

**Mr. Paul Glover:** We are constantly working with partners to assess the threat landscape, see how it is evolving and make sure that we have the tools necessary to respond. It is a process of continually assessing, working with our partners in the security agencies, and then making sure we have the technology, the firewall, the perimeter, properly protected so the government services and employees are able to function within our network safely and securely. It is just this constant: Threats are changing, understanding where they're changing, what security we need to put in place and software and servers to protect that perimeter.

• (1720)

**Mr. Francis Drouin:** SSC does an assessment, I would think, and I'm just going off the ball here, but I would think departments like National Defence would have better equipment or better protection than perhaps other departments.

Does SSC use best practices that other departments have used and then try to implement those in other departments? I'm assuming threat levels are different from department to department.

**Mr. Paul Glover:** We have worked to set up the Canadian Centre for Cyber Security, so there is a centre of expertise that is responsible for identifying what those best practices are and identifying what the security profile needs to be for the Government of Canada. We work very closely with them to make sure that we understand the threat profile and what the appropriate response mechanism is. They're doing that right now with all departments. We're trying to consolidate and collapse that to reduce risk to bring everybody to the best practice right across the federal public service.

**Mr. Francis Drouin:** That would bring me to my next question on procurement.

We know threat levels, and there are often new ways that government systems can get hacked. They often move a lot faster than technology can get adapted to, so how are we doing with procurement? Are you guys talking with procurement to say, "Okay, well, we have these threat levels that are constantly changing, and we have technology that's constantly changing, but if procurement doesn't adapt quickly enough to ensure that, yes, SSC and the Government of Canada can procure new technologies and new systems quickly enough so we don't fall behind the line essentially

by putting our systems at risk"? Is that conversation happening as well?

**Mr. Paul Glover:** That conversation is absolutely happening at multi-levels. As we heard earlier, we are looking at new procurement processes that are agile and are meant to move small but fast to see what the level of risk is, understand what's working and be able to scale those up quickly.

We also have processes that ensure the supply chain integrity of anything that we are procuring so that we're able to see, not just the end vendor, but the whole supply chain that resulted in a product or service being provided to us so that we have confidence in it all the way through, are able to see all of the potential areas where there may be a threat risk and are confident that those have been properly mitigated. That supply chain integrity through procurement is exceptionally important to us as we move forward.

**Mr. Francis Drouin:** That's great.

Mr. Chair, I'm done.

**The Chair:** Thank you, Mr. Drouin.

Madam Paquet, gentlemen, thank you all for your appearance here today. The information that you transmitted has been helpful.

For the benefit of those of you who have not had the ability to answer certain questions because of time constraints, I would suggest that if you can provide those answers to the clerk in writing, we will make sure that we distribute them to the appropriate colleagues around this table who had asked the questions originally. All members will receive the answers to those questions.

The meeting is adjourned.

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