

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

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# **EVIDENCE**

Wednesday, June 5, 2019

Chair

Mr. Tom Lukiwski

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**●** (1700)

[English]

The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)): Colleagues, I'll call the meeting to order, if I may. We do have quorum.

We were thinking that we would perhaps be interrupted by further procedural votes this afternoon. That doesn't appear to be the case, looking at what has been going on in Routine Proceedings, so I think we'll have an uninterrupted meeting from here until we adjourn.

Minister Qualtrough, thank you for being with us today. My understanding, Minister, is that you will be able to be with us until 5:30. Is that correct?

Hon. Carla Qualtrough (Minister of Public Services and Procurement): Correction: I can stay until 5:45.

The Chair: All right. Thank you very much.

Second, the minister has agreed that we can go directly into questions if we have concurrence from this committee. Do committee members agree that the minister's speaking notes be taken as read and appended to the evidence of today's meetings?

Some hon. members: Agreed.

The Chair: We are agreed.

[See Appendix—Remarks by the Honourable Carla Qualtrough, Minister of Public Services and Procurement]

**The Chair:** That gives us approximately 40 minutes then, colleagues. If we were to go to the regular rounds of seven and five minutes, we would not be able to get all the questions in. Would we agree to have five-minute questions for everyone? That would allow more committee members to ask questions.

Some hon. members: Agreed.

**The Chair:** That said and the agreement being in hand, we would ask the government side, starting with Madam Mendès, to start our five-minute rounds of questions.

Madam Mendès.

Mrs. Alexandra Mendès (Brossard—Saint-Lambert, Lib.): Thank you very much, Mr. Chair, and thanks to all of you for being here

[Translation]

Thank you very much, Minister.

[English]

I think, considering my ethnic origins, I'll take the bull by the horns and start with Phoenix and try to get from you, Minister, a sort of status report on what has been happening with the whole system, including how the mitigation measures that have been taken are addressing the backlog, and what your expectations are, if you wish, for the next six to 12 months.

**Hon. Carla Qualtrough:** Thank you for the question and, of course, thanks for having me and our officials here to answer your questions. We will of course endeavour, as always, to give you the best and most considered answers we can.

I'm pleased to say that we continue to make progress on the Phoenix file. We have decreased the backlog by about 209,000 cases since January 2018, which represents about a third—a 33% reduction—of the backlog in that time period. We've increased the number of people working at the pay centre and in our regional offices to around 1,500 employees, plus an additional 200 employees working in the client contact centre.

We now have, as of last Friday, transitioned all client departments serviced by the pay centre to the pay pod model. I was in Moncton for the last transition, where it was quite a significant accomplishment for our public servants. I'm pleased to announce that the early pods, pod zero and pod one, are at a 48% reduction in their respective client departments. We are seeing results—of course, as I've said many times to this committee, not as quickly as we would like.

I would say that client and customer morale is up. Certainly, public servant morale is up. I felt that first-hand last Friday in Moncton

Overall, we are seeing a steady decline. We are cleaning up files. The pay pod model is definitely proving to have been the special sauce, if you will, in taming this dragon.

Mrs. Alexandra Mendès: Thank you very much, Minister. That is encouraging news. Let's hope it will continue that way.

On the federal science and technology initiative, I'm somewhat bewildered about what it is. Could you please explain to us what the objectives of this initiative are and how would we attract talent to participate in such an initiative? Hon. Carla Qualtrough: This is an initiative in partnership with ISED, with science and economic development, obviously, to modernize both where public servants do science and how public servants exchange information related to science. The idea is that many of the facilities that our federal scientists use are antiquated and aren't giving them the tools they need to do good science, nor the capacity to share information. It's a very antiquated model of science, for lack of a better way of putting it.

We have endeavoured, and we now have a deputy minister to....

Or is it an ADM? I apologize.

Mr. Bill Matthews (Deputy Minister, Public Services and Procurement Canada, Department of Public Works and Government Services): It's an associate deputy minister.

Hon. Carla Qualtrough: We have an associate deputy minister responsible for this initiative to modernize the facilities and work with the science community, both inside the federal government and within academia and beyond, to basically revitalize how we do science and the science that's done within the Government of Canada.

I don't know if my deputy would like to add anything.

Mr. Bill Matthews: Thank you, Minister.

The only thing I'd add is that the starting point for this is around creating horizontal or more collaborative infrastructure that basically treats the laboratory space as a horizontal government-wide asset, as opposed to department by department. We're looking at more collaborative, innovative, modern and accessible laboratory space, but as the minister said, it is the underpinning of a broader science strategy.

**Mr. Paul Glover (President, Shared Services Canada):** Mr. Chair, if I may, I have something else to add.

Science today is increasingly about data—access to data and large datasets—so we are looking at the information technology to support the work in the labs. Also, science is often collaborative, so we're making sure that federal scientists have the collaboration tools to work with international colleagues and partners.

When we think about infrastructure, it's not just the physical infrastructure but the IT infrastructure necessary for the science of today.

**Mrs.** Alexandra Mendès: That's good to hear because, yes, I know that is always an issue, but—

The Chair: Madam Mendès, we have about 15 seconds.

Mrs. Alexandra Mendès: Does this include the national research centre?

Mr. Bill Matthews: The National Research Council—

Mrs. Alexandra Mendès: Yes, the council. Sorry.

Yes? Okay. Thank you.

Thank you very much, I'm done.

The Chair: We have the Honourable Rob Nicholson with us today.

It's good to see you, Mr. Nicholson. Thanks for putting your retirement plans on temporary hold.

Voices: Oh, oh!

The Chair: You have five minutes, sir.

**Hon. Rob Nicholson (Niagara Falls, CPC):** Thank you, Chair. I was going to retire yesterday, but I decided that I have this opportunity here.

Thank you, Minister Qualtrough, and to those who are with you, thank you for your attendance here today.

As you're probably aware, there's quite a bit of discussion about this article, this matter, that my colleague Mr. McCauley raised with you:

A journalist's question about a potential problem with the Royal Canadian Navy's new Arctic...ships prompted federal bureaucrats to generate more than 200 pages of documents as they warned Irving Shipbuilding about the news outlet's interest in the multibillion dollar program.

Is that a standard thing? I mean, if somebody asks a question, you sort of tip off...or does somebody get a hold of...? In fact, the journalist has put in an access to information request, and it's been more than 30 days since, which is outside the limit, and he can't seem to get any information. He's been directed around and is not getting anything. Do you find this concerning?

• (1705

**Hon. Carla Qualtrough:** Absolutely. Perhaps I'll answer in two parts, if you'll indulge me.

The first part has to do with when we get a media request in the department and in my office. We want to make sure that we give journalists information that's accurate, so it is a common practice to reach out and verify what's been asked of us. What is not common practice is to share the confidential information of that journalist, and that is unacceptable. I have apologized and certainly have directed, both at the official level and within my own political staff, that it can't happen in the future.

We also have no...and by design I would say this.... We also have no role in in access to information requests. That is a completely separate process outside my minister's office; by design, it's an effort, I believe, to be as I think neutral and objective in the culling of information.... I wouldn't know who has made a request or the status of that request. What, again, in this case should have happened if that information weren't available within the timeline is that there should have been an extension granted, or a request for an extension, as I understand it.

Bill, perhaps you can help me with the process.

Mr. Bill Matthews: Sure. Thank you, Minister and Mr. Chair.

In terms of the deadline being missed, the member raised the issue that the 30-day deadline was missed. He's quite right. The department has a window where it can ask for an extension and we missed that window, so the opportunity for an extension was lost. The 30 days was not respected.

The reason we missed the window is that we discovered, in the 200-and-some pages of documentation, which I'll come back to, that some of it does belong to another department. That means we have to consult with the other department, and that's a perfectly legitimate reason for an extension, but we missed the window.

Of the 200 pages, a lot of it is various headlines, news media, and not what I would call real information or new information inside the department.

What is going to happen in the next couple of days? We will release the information that is PSPC-specific and then for the information that is an exchange between ourselves and our colleagues at National Defence, as they have a role here, we'll get their consultation, and that will come later.

That's an update on that issue, Mr. Chair.

**Hon. Rob Nicholson:** Okay, so we'll see that in the next couple of days here, but in terms of releasing information, the same article I quoted points out:

Last week, the office of Innovation Minister...alerted Irving that Globe and Mail journalists had asked that department whether an investment in an Alberta french fry plant counted toward the industrial benefits... As a result the newspaper received a letter from an Irving lawyer threatening legal action if the article contained any allegations of improper conduct.

I take it that this must bother you as well. I mean, this is another example of a company being tipped off to do this. I think the media has a right to ask these questions.

**Hon. Carla Qualtrough:** I think it's essential that the media ask these exact kinds of questions. It's a fundamental right.

Again, on that information, this had to do with a specific ITB: assignment of ITB value for a specific project. Again, it is legitimate for a department or a minister's office to reach out to a supplier or a partner to ensure that we are getting the right information, especially if it's information, maybe, that's kind of brand new to us.

Again, the error lies in having shared the personal information of that journalist. Again, I can't tell you what has happened in another department, but I can tell you that in my department and within my own minister's office we've taken quite significant steps since our error happened to ensure that it doesn't happen again.

Hon. Rob Nicholson: Well, I-

**The Chair:** Thank you very much. I'm sorry. We're out of time, Mr. Nicholson, but we will have another attempt.

Mr. Blaikie, you have five minutes.

**Mr. Daniel Blaikie (Elmwood—Transcona, NDP):** On the question of Phoenix, I want to zero in on the departmental plan that suggests the number of FTEs in payments and accounting are going to drop by approximately 53% between the 2019-20 fiscal year and the 2020-21 fiscal year.

We've heard that the pay pod model has been pretty successful and that part of the success in getting some of the claims with Phoenix under control has been staffing up appropriately. Why is the department thinking it can tolerate a decrease of 53% in the payments and accounting workforce?

**●** (1710)

Hon. Carla Qualtrough: Les, thank you.

Mr. Les Linklater (Associate Deputy Minister, Human Resources-to-Pay Stabilization, Department of Public Works and Government Services): Mr. Chair, thank you for the question.

I think the context here is the funding that was received in budget 2019 for the department. Essentially, we are looking at operational funding for one year only, which will necessitate a return to the centre for a budget request for budget 2020 to be able to sustain or perhaps enhance the number of staff that we have on strength.

**Mr. Daniel Blaikie:** If those staff are required on an ongoing basis, why wouldn't that just be part of a more regular ask? Why would we be projecting a drop? Every year, you come and ask for certain voted authorities. You don't project that you're going to lose all your staff if the vote doesn't happen. Why in this case would there be a projection of a staffing decrease in the departmental plan?

Mr. Les Linklater: In this instance, I think it would be prudent in terms of understanding the progress that is made on the queue when we might be in a position to in fact project a decrease. We've been managing a lot of our hiring on a determinate basis, bringing in people on shorter-term contracts of six months or a year, and then looking with the central agencies, as part of the budget planning process each year, at where we will need to be over the course of the coming fiscal year.

**Mr. Daniel Blaikie:** Am I wrong that the departmental plan also talks about how training and retention have been one of the challenges in addressing the Phoenix issue? How does the strategy of hiring people on short-term contracts and projecting the end of their position in the next fiscal year dovetail with the goal of increasing the training and retention of the people who you do attract?

**Mr. Les Linklater:** There is a certain amount of risk management associated with this, but at the same time, most of the people who are coming in to work on compensation are coming in at entry-level CR-5, AS-1 and AS-2 positions, and we know that, grosso modo, there are opportunities across the public service for people with that kind of training. As departments mature or as Phoenix continues to stabilize, there will be opportunities for those folks to potentially offramp to other departments and agencies across the public service. The training isn't lost. It's retained in the system.

**Mr. Daniel Blaikie:** Are they not encouraged to leave sooner rather than later, though, if they're on a short-term contract and the department is projecting that the position will be eliminated within 12 months?

**Mr.** Les Linklater: Some may feel the need to move on if they have the opportunity for indeterminate positions, but also, with a foot in the door, they can apply through other competitive processes for indeterminate positions as well.

**Mr. Daniel Blaikie:** When you talk in the departmental plan about IBM being tapped for technical and functional support to relieve the workload of public servants so they can work on other things, and you're projecting a 53% decrease in the workforce, that's not really freeing up public servants to do other work.

On the one hand, that's engaging IBM to do some of the work public servants are doing right now, and then projecting that you're going to reduce your workforce by 53%. That sounds like contracting out to IBM the work that those folks are doing right now. It doesn't sound to me like freeing them up to do other work.

**Mr. Les Linklater:** I think it's important to underline that there are different skill sets that are brought to bear on HR-to-pay solutions. There are the compensation staff who work on files, but there are also a number of very skilled technical people who are working on the system and articulating business requirements that are then translated into technical change requests that are implemented in the system.

What we have found with IBM is that by bringing on additional support with their help we're able to free up some of the more technical staff, who are then working on—

**Mr. Daniel Blaikie:** How many of the staff working on Phoenix would be in that category of technical staff, versus pay advisers?

**Mr. Les Linklater:** I would have to get back through the clerk with the specific number, but it's in the hundreds.

Mr. Daniel Blaikie: Yes, sure.

**Mr. Bill Matthews:** As one point of clarification, it's not abnormal in the federal funding model to get year-by-year funding. Phoenix isn't the only file where you will see this sort of thing in the departmental plan, whereby you come back to refresh the resources year after year. It's not out of the ordinary.

**Mr. Daniel Blaikie:** Although, we have heard from government that this is a long-term problem that's going to require a long-term fix and that it's an important priority.

I mean, if you were going to convert funding to a more regular basis, this seems like a perfect candidate for something that would enjoy long-term, sustained support, as opposed to an ad-hoc approach.

The Chair: Mr. Peterson, you're up, for five minutes, please.

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

Thank you, Minister, and thank you to your team for being here today.

I'm going to talk a bit about Coast Guard ships to start off.

I think the average age of a ship is older than everybody around this committee table, except for maybe the chair.

Some hon. members: Oh, oh!

The Chair: We're going to move on now.

• (1715)

**Mr. Kyle Peterson:** Anyway, suffice it to say that they're nearing the end of their service life.

I want to know what the plan is to ensure that the Coast Guard is well equipped to continue to do the important work that Canadians rely on, now and well into the future.

**Hon. Carla Qualtrough:** As this committee is well aware, we have, within the national shipbuilding strategy, the capacity to do both combat and non-combat ships. When the original book of work

was given to these successful shipyards on the west and east coasts, the Coast Guard hadn't done the in-depth work it now has done to determine its long-term needs. Yes, these ships are very old, and as our Prime Minister has said, we don't want them to rust out. With the average age being 38 years, you can know there are some that would be many years older than that.

The Prime Minister announced, I think it was two weeks ago, a complete fleet renewal of the Coast Guard, with the first wave of that fleet renewal being up to 18 large ships, with a value of approximately \$15.7 billion. There are 16 of them that are to be built at Seaspan as multi-purpose vessels, and two of them will be AOPS, Arctic and offshore patrol ships, at Irving. The benefit of having two AOPS as part of that mix is that the Coast Guard will get these ships five years earlier than if we went with 18 MPVs. Quite frankly, the technical capacity of AOPS is slightly different from MPVs, so again, it just adds to the fleet.

As part of this announcement, we will be looking to secure a third yard within the NSS to help us get the Coast Guard the additional capacity it needs beyond what I've just spoken about. The Coast Guard has not announced what that will be. However, from a PSPC perspective, we will be engaging in a competitive process to determine which yard that will be, and ensure that when the work is ready to be done and identified, that yard is prepared to do it.

Mr. Kyle Peterson: Thank you for that.

On the national shipbuilding strategy in general, what steps are in place to avoid any unnecessary production gaps, which, of course, slow down delivery and can effectively cost Canadians the jobs this shipbuilding strategy is supposed to create? What measures are in place to keep these production gaps to a minimum?

Hon. Carla Qualtrough: I'd say a couple of things on that. First of all, experts around the world, including our national shipbuilding adviser, have long identified that production gaps cost government—or the people paying for ships—money. We know that when a workforce tools down, it costs more money to tool them back up. We also know that job loss is not good for a yard, in terms of both the workforce's ability to have a living and also the loss of the talent that will inevitably go elsewhere.

To address an identified production gap at Irving between AOPS 6 and the commencement of the CSC build program, we have announced these two AOPS—AOPS 7 and 8—which will go to the Coast Guard. The benefit of that, of course, is that AOPS 7 and 8 are going to cost a lot less than AOPS 1 and 2. There are economies of scale and efficiencies from having 7 and 8, and we don't have to wait for an MPV in order to get the Coast Guard a new ship quicker. That's what's being done specifically at Irving.

At Seaspan, there's been a creative ability.... The caveat here perhaps, Mr. Chair, is that because we treat the national shipbuilding strategy as a program of work instead of a series of projects, we're able to move, if you will, the pieces around the chessboard quite nimbly and quite agilely. It's not a sequential series of projects. We have a program of work that needs to be done, and we can look at the chessboard and decide who's best positioned to do it when and for the least amount of cost. For example, we did early blocking of some of the JSS work, which allows us to get ahead of the game on the JSS and which was during a period in which Seaspan needed the work.

It's quite an interesting chessboard to manage.

The Chair: Thank you very much.

Mr. McCauley, you have five minutes.

Mr. Kelly McCauley (Edmonton West, CPC): Minister, everyone else, thanks for being with us today. Welcome back.

Minister, who is Charles Courquin?

**Hon. Carla Qualtrough:** I'm going to get his title wrong, so perhaps Les will correct me, but Charles Courquin is an IBM employee who has been advising us on Phoenix.

Les, can you give more details, because there's an important—?

• (1720)

Mr. Kelly McCauley: No, I will go on.

Was he based in your office?

Hon. Carla Qualtrough: No. He's based in London, England.

Mr. Kelly McCauley: Okay.

When he works out here, where is he working?

**Mr. Les Linklater:** He has visited Canada about five times, Mr. Chair. He provides advice to the minister and to me and my project team on our integrated work plan and the various projects and work that we've launched to support stabilization.

Mr. Kelly McCauley: Totally toward Phoenix.

Mr. Les Linklater: Yes.

Mr. Kelly McCauley: What kind of advice has he given specifically?

The reason I ask is that since you were appointed, IBM has lobbied you directly 13 times. Since you were appointed, IBM has received over a quarter of a billion dollars of sole-source contracts for the Phoenix program, which they had a hand in perhaps messing up.

Mr. Les Linklater: I would say that the work he has performed has largely been to stress test the integrated plan that we've posted on our website and are advancing through the governance process. He has been to Miramichi twice, to observe the operations there and to provide suggestions around opportunities to improve or to streamline some processes. Basically, he has been acting as a sounding board and reacting to—

**Mr. Kelly McCauley:** Does he report generally directly to you, Mr. Linklater?

Mr. Les Linklater: In general he does, but to the minister as well.

**Hon. Carla Qualtrough:** I meet with him. I've met with him four times probably, and have been advised of the other meetings.

The other decisions I would say that relate to this are twofold.

Back in January of last year, when I decided that we needed regular meetings with IBM senior leadership in order to hold them to better account for the things that were and were not being done, that resulted in a series of meetings to—

**Mr. Kelly McCauley:** Can I just interrupt you there? If we need to hold them to account for things that aren't being done, why are we giving them a quarter of a billion dollars in sole-source contracts?

**Hon. Carla Qualtrough:** Because as I've said before at this committee, IBM is, out of necessity, a part of the solution to this situation. The challenge for us, and the requirement on us, has been to hold them to greater account for the things they said they were going to do and that we need them to do in the future.

**Mr. Kelly McCauley:** For the people watching, do you not find it kind of awkward, or perhaps irregular, that a company that's directly lobbied you so often.... You mentioned that we need to hold them accountable, but we're giving them a quarter of a billion dollars, just in the two years you've been there, of untendered contracts.

At the same time, we're holding them accountable. I would like to be held accountable like that—to be receiving such gifts.

**Hon. Carla Qualtrough:** I see what you're saying and I disagree with how you're framing it.

I consider the meetings that I've had with IBM over the past two years to be necessarily related to us holding them to greater account for their contractual obligations, to working with them in finding a solution on Phoenix. We could not move forward on stabilization without IBM at the table as a full partner on the solution. Any contractual relationships that have been entered into have been, again, directly as a result of a need to stabilize this.

Mr. Kelly McCauley: I want to move on.

The PMO, we know through an ATIP request, ordered a review of the integrity regime. There were about 60 organizations consulted for the integrity regime process update.

Only three private companies.... Two of them volunteered. We contacted them and they volunteered to do it. Only one, which was SNC, was invited to participate in the integrity regime consultations. Of course, SNC-Lavalin is the only company that has received an administrative leave from the integrity regime.

I'm just curious as to why SNC was brought into the consultations, as really the only private company that was invited to join in on consultations.

Hon. Carla Qualtrough: To be honest, that's not my understanding of the facts.

I'll ask Bill to verify, but I think there were over 300 submissions.

**Mr. Kelly McCauley:** From your own report that you published, it listed the companies consulted.

We went through it, and we got from your department the companies listed. There were about 63 that consulted on the integrity regime. Most of them were associations; there were only three private companies.

We spoke to Bell and BMO, and they said, "Oh, yes. We volunteered to do this. We saw this. Only SNC was invited."

SNC is the only company that has received an administrative review, granted by this government, from the integrity regime. Does it not all seem a bit odd?

The Chair: While it's a great question, we're completely out of time.

As I always do with all of our witnesses, I will ask for the following. If there are any questions asked by committee members that are unanswered in direct testimony, we would ask you to please deliver answers through our clerk in writing. We would appreciate the answer to that question, but unfortunately, because of the time constraints, particularly for the minister, we have to continue.

We'll go to Mr. Drouin for five minutes, please.

• (1725)

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Thanks to everybody for being here.

As a national capital region member of Parliament, I too have been getting a lot of calls with regard to Phoenix. I think it's important to remember the fact that it wasn't you, Minister, who issued the contract for IBM; it was these guys over there, and one of the members was sitting at the cabinet table.

I think it's important to remind Canadians that, yes, we have to deal with IBM, but when you buy a Mazda, you have to go to the Mazda dealer; you don't go to Ford to get it fixed, and I think we're stuck having to deal with IBM, despite the warnings that they were given at the time. I just think it's important to remind those who are suffering under Phoenix about the facts at hand.

[Translation]

Minister, many of my constituents are government workers who commute to Ottawa or Gatineau. My riding runs along the entire Ottawa River, so some of them live in Rockland, Cumberland, Russell or even Embrun, and traffic is a serious concern for many public servants. A lot of people want to know what is happening with the interprovincial crossing. The Chaudière Bridge was closed because of flooding, so that made congestion worse. The last bridge that was built east of the Macdonald-Cartier Bridge is in my neck of the woods, in Hawkesbury. I believe it's 110 kilometres from downtown Ottawa.

Can you give the committee an update on the crossing?

**Hon. Carla Qualtrough:** Thank you for the question. [*English*]

We know there's a demonstrated need for an additional crossing in the NCR. We also, as a government, have a responsibility to build and maintain interprovincial crossings.

With that in mind, in budget 2019 we signalled an intention to address this in a number of ways. We're going to be refreshing

existing studies. We know there have been some very good studies done, but we need to make sure they remain up to date and the information remains relevant. We're going to develop what we're calling an "integrated provincial crossing plan", and we're going to replace the Alexandra Bridge. Those are the three pillars of our plan around the NCR bridges.

We're working with our partners including, as you can appreciate, the City of Ottawa, the City of Gatineau and the two provinces. There are a bunch of players at these tables.

In the meantime, of course, we have to continue with our rehabilitation work on the Chaudière Bridge and the existing Alexandra Bridge.

A lot is going on, and we're very excited this is finally happening for your region.

**Mr. Francis Drouin:** Absolutely, it's an issue that has been talked about a lot or avoided, and I think it's an issue that has a direct impact not only on our public servants but also on those who work in either province.

One of the other issues that has an impact on the national capital region is the modernization of our heating and cooling plants. I know there was an announcement made. Could you update this committee on what it is that we're planning on doing with this particular heating plant?

**Hon. Carla Qualtrough:** For some time now, we've been working to modernize our energy services in government buildings. What we're looking to do is use electric power for cooling, and low-temperature hot water for heating, instead of the very hot water that's heating our buildings right now. What we announced recently was a \$1.1-billion investment in capital and \$1.7 billion in operations over the next 23 or 25 years.

Mr. Bill Matthews: It's 23, I think.

**Hon. Carla Qualtrough:** It will take 23 years to completely reduce.... I think it's a 60% reduction in greenhouse gas emissions in over 80 buildings located in the national capital region. This is a privatization of these services, and we have been working with the unions and public servants who are impacted to ensure that there's no job loss associated with this. There has been a workforce transition committee.

What is it called? I apologize.

We've worked really hard to make sure we're doing this in a respectful way while, at the same time, taking advantage of new technology to heat an entire region.

Mr. Francis Drouin: Great, thank you.

The Chair: Colleagues, we'll have one last five-minute intervention.

Minister Qualtrough, once again, thank you for extending your time with us until 5:35.

The last intervention will be by Mr. McCauley.

**●** (1730)

**Mr. Kelly McCauley:** I want to go back to Irving. They've claimed a \$40-million credit that we know about for the french fry factory under the ITB. The ITB policy specifically states that it's to ensure "Canada's significant investment in defence-related goods and services".

I have to ask, how does crediting Irving for french fries contribute to our defence industry and our R and D capabilities? Is there some unknown french-fry or potato-capability gap that we're not aware of that we have to invest in?

Hon. Carla Qualtrough: Again, as committee members are aware, the ITB policy is our main tool for leveraging defence procurement for the benefit of the Canadian economy. There are arrangements made with successful suppliers, which ultimately provide the goods to give dollar-for-dollar benefit to the Canadian economy. These benefits can be direct or they can be indirect.

Michael or André, would you rather give-

Mr. Kelly McCauley: I just want to go back....

It specifically states, "ITB Policy ensures...Canada's significant investment in defence-related goods and services".

How are french fries defence-related goods and services or R and D?

**Hon. Carla Qualtrough:** I also understand that the policy allows us to look at the level of technology within a given plant. If it's the same or a higher level of the technology within the main contract itself, it can be credited.

It's not a dollar-for-dollar credit, so while this was a-

**Mr. Kelly McCauley:** Let me ask, do you believe it's a valid use of the ITB to give them a \$40-million ITB credit for french fries?

**Hon. Carla Qualtrough:** I personally believe that in a multibillion dollar procurement—

Mr. Kelly McCauley: It's a yes-or-no question.

**Hon. Carla Qualtrough:** No. I'm going to flesh out my answer, if you'll give me the—

**Mr. Kelly McCauley:** If they came up to you today and asked for a hamburger manufacturing plant for \$40 million, would you allow that under the ITB?

**Hon. Carla Qualtrough:** I think good technology jobs are good technology jobs. These are well-paying jobs, and they are not to be diminished. They're working with significant technology that is at par or higher than the technology used in our defence procurement.

**Mr. Kelly McCauley:** I'm pleased that there's something going on in Alberta from the government. However, I don't think the ITB was meant for that.

Not now, but would you be able to provide to this committee a list of all the ITB credits granted the last couple of years to Irving, Seaspan, and all of our defence spending?

Hon. Carla Qualtrough: That would be an ISED question. We don't track that.

When we design a process, we don't track the-

Mr. Kelly McCauley: So you won't provide it for us?

**Hon. Carla Qualtrough:** I don't know if I can get it. I apologize. I'm not meaning to be difficult.

Can we-?

Mr. Bill Matthews: We can try, but I think your questions—

**Hon. Carla Qualtrough:** I'm not sure we can obligate another department, but I'm not sure procedurally—

**Mr. Bill Matthews:** —equally on the details of the policy, are more appropriately directed to ISED as well.

We'll do what we can.

Mr. Kelly McCauley: Okay.

I want to go back to the integrity regime.

The last time you spoke with us at committee, you promised that the regime would have been out a couple of months ago. CTV has now announced that it's going to be delayed. I have to ask, why is it going to be delayed?

CTV has commented that the delay is going to benefit one company currently under the administrative review, which is SNC.

Why the delay?

Hon. Carla Qualtrough: As you can appreciate, when I was here the last time, our intention was—based on the feedback from our consultation in the fall of 2018, and having been in the process at that point of reviewing that information—to have our change policy out within weeks. Given the considerable public discussion and, I would say, the ton of subsequent feedback, we've decided that it's prudent to look at what else has come in and to postpone a decision on what we'll do with the integrity regime.

Mr. Kelly McCauley: When will the report be out?

Hon. Carla Qualtrough: We haven't committed—I apologize—to the exact date.

Significant additional feedback has come in and we're looking at that seriously.

Mr. Kelly McCauley: From who?

I have to ask, what other companies, besides SNC, are currently subject to corruption charges and would benefit from the delay or from the IR?

Mr. Bill Matthews: Mr. Chair, I have maybe just one thing.

When the government does contemplate changes to such a policy, the norm would be to go back and consult publicly if there are significant changes. That's depending on—

Mr. Kelly McCauley: Have you gone back to consult with SNC as well, seeing that you invited them to consult the first time around?

**Mr. Bill Matthews:** You have mischaracterized the meetings with SNC-Lavalin.

They were with respect to the actual administrative agreement that is in place with them, as opposed to the policy specifically. We will confirm that in writing after this meeting.

Mr. Kelly McCauley: That you're consulting with them as well, on this second round?

**Mr. Bill Matthews:** When the government consults on a policy, it's done in a public fashion. Anyone is free to—

Mr. Kelly McCauley: Have you consulted with SNC again on the second round?

• (1735)

**The Chair:** I think Mr. Matthews has heard the question.

The question is valid, and we do require an answer, but unfortunately, because of time constraints, I would ask you to provide that through the clerk in writing, and for any other information that you feel would be relevant to the line of questioning, if you could provide that to the clerk as well, I would appreciate it greatly.

Thank you very much, Minister.

Once again, thank you for your appearance. I know that you had to adapt and alter your schedule somewhat to be here. We do appreciate your appearance.

Colleagues, we are suspending for a few moments. We will resume, hopefully, in about five minutes with Minister Murray.

• (1735) • (1735) • (1735)

The Chair: Colleagues, could I get you to take your seats? Thank you.

The minister has informed me that she will be available until 6:30. It's a hard deadline at 6:30. I understand she has to get out of here no later than that, so we'll try to abide by it.

I also understand, Minister, that you have an opening statement of approximately 10 minutes in length. Is that correct?

Hon. Joyce Murray (President of the Treasury Board): Yes, or a little less.

**The Chair:** Let's assume it's 10 minutes. That would allow us about 40 minutes' worth of questions.

Could we go back to the routine that we established with the first round of witnesses? We will have five-minute questions. If we do it in five minutes, we should be able to get two full rounds. All right?

Some hon. members: Agreed.

The Chair: Thank you.

Once again, Minister, welcome back to our committee. The first time you were here, unfortunately, we were interrupted by procedural votes, so it's good to see you back before this committee. Would you care to introduce the officials with you and then deliver your opening statement, please?

**●** (1740)

[Translation]

**Hon. Joyce Murray:** Mr. Chair, I'd like to thank the committee for inviting me to appear a second time to discuss the 2019-20 main estimates.

[English]

This is my first appearance before the committee as President of the Treasury Board and Minister of Digital Government. It's a great honour to be here in that capacity. I have enjoyed my time here as the parliamentary secretary over the years.

I am pleased to have with me some officials from my department: Peter Wallace, Secretary of the Treasury Board Secretariat; Karen Cahill, Assistant Secretary and Chief Financial Officer; and, Glenn Purves, Assistant Secretary, Expenditure Management Sector. I'd also like to highlight the presence here of Greg Fergus, the Parliamentary Secretary to the President of the Treasury Board and Minister of Digital Government.

After my remarks, my officials and I would be happy to answer any questions you might have.

Mr. Chair, on April 11, I tabled the 2019-20 main estimates, which provide information on \$300 billion in spending to deliver programs and services this fiscal year. This includes new measures announced in the federal budget.

These main estimates are made up of \$126 billion in planned voted expenditures and \$174 billion in statutory expenditures. They detail the government's plan to support the middle class, as presented in budget 2019, including historic investments in housing, skills training and our most vulnerable seniors.

This is the second year in a row that the main estimates include measures announced in the budget. We have been able to do this in part by tabling the main estimates in mid-April, after the budget. As you all know, this new sequencing is part of a two-year pilot initiative that was put forward by this committee to make it easier for Canadians and parliamentarians to track government spending.

[Translation]

We launched the pilot with the tabling of last year's main estimates, by including a single central vote to implement all spending measures and departmental allocations announced in the 2018 budget, vote 40. This approach allows for enhanced transparency and full alignment between the main estimates and budget. However, parliamentarians, including the committee members, expressed their desire for more rigorous oversight by having the appropriate parliamentary committees scrutinize new spending associated with budget measures.

[English]

You also asked for better alignment between the main estimates and the departmental plans. As you know, Mr. Chair, our government greatly respects the work of parliamentary committees, and with this year's main estimates, we've responded to these concerns and other feedback from the Parliamentary Budget Officer. We've also implemented some changes to this year's main estimates following this committee's excellent report on the estimates reform process.

What we have provided parliamentarians, and what you are considering today, is the result of our ongoing work to better align the budget, the main estimates and the departmental plans. This year's main estimates include all of the \$6 billion in new voted measures announced in budget 2019. They are presented in 194 separate measure-specific votes listed under individual departments. These votes have been referred to the appropriate parliamentary committees, that is, the committees that normally review a department's work, and because they are presented as individual votes, this new mechanism provides more detail and granularity for tracking and oversight than ever before.

In his April 29 report to Parliament on the main estimates, the PBO described these new measures as "important improvement to the process". In addition, committee reviews of these measure-specific votes has been supported by supplementary information provided to Parliament at the end of April. This is information that could not be included in the departmental plans for timing reasons, which were well advanced when the budget was announced, and they were also tabled on the same day as the main estimates.

# **●** (1745)

## [Translation]

In addition, the government will continue to provide detailed online reporting of funding allocated to these individual votes, as well as progress reports in the 2019-20 supplementary estimates. I am pleased to announce that the first such report is already available online.

# [English]

In summary, the use of the 194 measure-specific votes provides clear linkages between Table A2.11 in the budget plan and the main estimates and the departmental plans, taking into account the supplementary information provided at the end of April.

Mr. Chair, this is about the ongoing and continuous improvement of the estimates process. We've come a long way from two years ago when there was no alignment between the budget and main estimates. I'd like to remind the committee that we are working to improve a system that we inherited, which The Globe and Mail said, prior to our reforms, was "bad to the point of absurdity".

# As the PBO noted in his report:

In summary, it is clear the Government has taken steps to improve the Estimates process from the previous year; however, there are still changes which could be made to further improve parliamentarians' oversight role in scrutinizing government spending.

# [Translation]

We have always maintained that Canadians and the parliamentarians who represent them have the right to know how public funds are being spent and to hold the government to account for its spending. These ongoing reforms will help them exercise that right.

By creating these linkages, the government is making it easier than ever for parliamentarians and Canadians to know where the money is going.

# [English]

I'd like to turn now to that portion of the main estimates that applies to my department. As the employer and expenditure manager

for the government, the Treasury Board Secretariat is seeking Parliament's authority for \$7 billion in planned spending.

# [Translation]

The main funding requests of the Treasury Board of Canada Secretariat are as follows.

First, we are requesting \$259 million under vote 1 for program expenditures.

Second, we are requesting \$36 million, under votes 45, 50 and 55, to implement three measures announced in the budget. They relate to advancing gender equality, ensuring proper payments for public servants and implementing Federal Public Service Dental Plan amendments.

## [English]

The remaining votes relate to the role of Treasury Board ministers as the employer and financial manager for the government.

There is \$750 million dollars in Treasury Board vote 5 for government contingencies for urgent or unforeseen expenditures that cannot be covered by other departmental votes.

There is \$327 million in Treasury Board vote 10 for government-wide initiatives. This is to support horizontal initiatives like the early learning and child care initiative, a liquefied natural gas investment in Kitimat, the implementation of the new accessible Canada act, and the implementation and administration of the proactive pay equity legislation.

There is \$2.7 billion in Treasury Board vote 20 for public service insurance.

There is \$2.2 billion in Treasury Board votes 25 and 35 for operating and capital budget carry-fowards, and \$600 million in Treasury Board vote 30 for payless requirements such as maternity and parental allowances, and severance pay.

In conclusion, Mr. Chair, in our system of government, the ability of parliamentarians to hold the government to account is of the utmost importance. We've made important improvements to the main estimates over the past two years to do just that. The effect is to highlight new government spending so that parliamentarians and Canadians can scrutinize the expenditure of tax dollars in greater detail.

Thank you again to the committee and the chair for the invitation to appear today. I'll be pleased to take questions from the committee.

# The Chair: Thank you very much.

We'll go to questions. Before I do that, I just have to note that Mr. Peterson's name is not on the speakers list, which is probably just as well, since he made some comments in the last session, and had he attempted to speak now, he would have found out that he was invisible to the chair.

We will now start with 5 minute rounds—

Some hon. members: Oh, oh!

Mr. Kyle Peterson: Thank you, Mr. Chair.

The Chair: Madame Ratansi, please, for five minutes.

(1750)

Ms. Yasmin Ratansi (Don Valley East, Lib.): Thank you, Mr. Chair

He didn't pick on Mr. Nicholson, though.

Mrs. Alexandra Mendès: But we both are picking on poor Mr. Nicholson.

Some hon. members: Oh, oh!

Ms. Yasmin Ratansi: Okay, it's my time.

Thank you, Minister, for being here. Welcome. This is your first meeting here.

You were part of the process where we have been trying to align the budget and the main estimates. When the government tried to do it from a reconciliation perspective, it put in a vote 40—a one-time vote. There were challenges with it. It was assumed that from a governance perspective, it was not the right thing to do because only one committee, which is ours, was able to review vote 40.

I know the government has listened and made changes. Could you tell us what are some of the changes going forward? How are you continuing to improve accountability and transparency so that we as MPs can understand the spending?

**Hon. Joyce Murray:** Thank you for raising the topic of the budget implementation vote from last year, which I saw as a step forward from what we had before.

Before, we had a situation where the estimates were tabled first and the budget was tabled afterwards, so the estimates had no relation to the decisions being made by government through the budget as to what spending would be added for the year. That was the disconnect that you as a committee were aiming to improve.

It was improved by the budget implementation vote, by taking all of those budgetary items and putting them in one budget implementation vote, which was broken down by departmental and program intention for those funds so that when they were approved by Treasury Board and forwarded to the departments they could be tracked monthly online.

The committee's concerns that this was not going far enough were very valid. It was an important first step, but we needed to do more. That is exactly what Treasury Board did this year. It took the budgetary funds, broke them into the individual departments' allocations and named what program they were for. They were not discretionary funds for that department; they were targeted to a purpose outlined in the budget. Those funds are now scrutinized by the appropriate committee.

From my perspective and that of Treasury Board, this is another step forward, and a big one, in the direction Parliament has been asking for, which is to have faster and fuller ability to follow the money and to be accountable to Canadians for government spending.

Ms. Yasmin Ratansi: Thank you for that.

When we look at the pillars in the budget and the estimate process, we looked at pillar four as well. In your departmental plans you talked about pillar four being the departmental plans being tabled the same day as the main estimates.

How are departments managing this new process? What are some of the challenges and opportunities that you see?

**Hon. Joyce Murray:** I'll take a crack at it, and because the officials with me are the ones who really had to wrestle with that, I'll turn it over to them as well.

One of the concepts here is that the departmental plans also need to align with the budget to help parliamentarians understand what's planned. The challenge is that when there were only a few weeks between the tabling of the budget and the tabling of the estimates and departmental plans, not all of that planned spending could be incorporated in the departmental plans. However, the departments very quickly worked to complete their plans and tabled supplementary pages to bring it to full alignment. That full alignment was in place before any of the committees were examining the estimates and the departmental plans. That is another piece of the puzzle, as you mentioned, pillar four, of reporting and information.

(1755)

**The Chair:** Unfortunately, comprehensive as your answer was, there is no time left for any additional commentary by your officials.

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

**Mr. Kelly McCauley:** Minister, welcome to your first official meeting with us.

Last summer, the government stripped seniority rights from veterans working in the public service. May I ask why?

**Hon. Joyce Murray:** I think the specific dollar implications of that for specific departments are probably most fully answered at the committee that studies the departmental plans and the estimates of Veterans Affairs. If my officials can answer, I'm sure they would be happy to add.

**Mr. Kelly McCauley:** I would love to hear why your government stripped those rights from our veterans who served this country, some wounded, and put their lives on the line, and returned and got a job—

Ms. Yasmin Ratansi: That's drama.

**Mr. Kelly McCauley:** It's not drama for people who have served this country, Ms. Ratansi.

They came back and served and received a job in the public service and this government stripped away their seniority rights. I'd love to hear.

**Hon. Jovce Murray:** I see there will be some information on that.

Given the context of the question, that it is from a member of a government that cut the budget of Veterans Affairs and shut the offices to support veterans, it seems a very surprising question.

Mr. Kelly McCauley: Minister, your government stripped seniority rights from valued veterans working for the public service and you're blaming a previous government for cutting costs. Please answer the question: Why would your government strip seniority rights from veterans working in the public sector?

Hon. Joyce Murray: I'll turn it over to Mr. Purves.

Mr. Glenn Purves (Assistant Secretary, Expenditure Management Sector, Treasury Board Secretariat): I think we can come back to the clerk with an answer.

Mr. Kelly McCauley: Are you serious? This requires a written answer?

**The Chair:** I think the witness said it would require a written answer, at least in his estimation.

Mr. Kelly McCauley: That's perfect. We should move on.

**Mr. Glenn Purves:** I think certain committees are charged with getting answers to certain questions and—

**Mr. Kelly McCauley:** We heard in this committee from someone from Treasury Board just a couple of weeks ago that in June 2018 they stripped seniority rights from veterans serving in the public service. But if you need to get back to us that's fine.

I'll move on.

It's been reported that in the negotiations with the public sector, we've increased the wage increase offer from 0.75% up to 1.5% per year over the length of the contract. Can you let us know the total cost per year in wages and in benefits, please?

**Hon. Joyce Murray:** Are you referring to the current set of collective bargaining?

Mr. Kelly McCauley: Yes.

**Hon. Joyce Murray:** We don't bargain in public. That bargaining is under way right now, and so, Mr. McCauley

Mr. Kelly McCauley: Minister, it's been announced in the newspaper—

**Hon. Joyce Murray:** I'm happy to let you know the bargaining agents for over 140,000 public servants have reached tentative agreements on Phoenix damages with our government—

Mr. Kelly McCauley: That's wonderful, but what I'm asking—

Hon. Joyce Murray: —and there have been—

**Mr. Kelly McCauley:** Maybe Mr. Purves has the answer, because you don't. What will the cost be?

It was publicized. The government even announced it, so it's not.... You bargained in public by announcing it. It was in the Ottawa Citizen. You increased the wage offer from 0.75%. I'm not criticizing the wage offer. I'm just asking a simple question: What will the costs be in wages and in benefits? You've moved it from 0.75% to 1.5%. What will the cost be?

**Hon. Joyce Murray:** Well, we have not concluded the collective bargaining. We are pleased to say that it is going well and that it has

been a good-faith bargaining process. We have over 30,000 public servants whose agents have—

Mr. Kelly McCauley: You don't know. Is it something, perhaps, that you can get back to the committee with?

**Hon. Joyce Murray:** —tentative agreements with our government, and beyond that, I'm not free to divulge details of the collective bargaining.

**Mr. Kelly McCauley:** The Phoenix offer to address a lot of the issues—the public service has suffered under Phoenix—I think was three to five vacation days. What will be the cost of that, please?

**Hon. Joyce Murray:** I'll see whether we have.... Well, actually, we don't have a conclusion to those negotiations either, so what we have is 146,000 public servants—

Mr. Kelly McCauley: I realize that most, with the exception of PSAC, which has not—

**Hon. Joyce Murray:** —and tentative agreements not all yet ratified, but what I will say is that no public servant should be having to go without proper pay and—

**(1800)** 

Mr. Kelly McCauley: Minister, we realize that—

**Hon. Joyce Murray:** —we are doing everything we can to make sure—

**Mr. Kelly McCauley:** —but you would have had to come up with a cost when you made the offer.

The Chair: Order. Just a minute, please.

I won't be docking any time for this.

Number one, we simply can't both have witnesses and questioners speaking at the same time. I have been listening carefully. Mr. McCauley has asked a couple of direct questions.

Minister, I think it would be beneficial to this committee if we get direct answers, as opposed to corollaries in response to the question that's posed. Mr. McCauley, if I am hearing correctly and if I recall correctly, has asked a couple of specific questions about what the costs would be of the contracts that have already been announced—just what would the costs be—and if the costs are not available to you at this point in time, I think this committee would appreciate a written answer so that this committee has the information it has been asking for.

Hon. Joyce Murray: Okay, but-

The Chair: With that, we'll go back to Mr. McCauley.

You have about a minute left, sir.

Mr. Kelly McCauley: I'll rephrase the Phoenix question.

Obviously when you made the offer, Treasury Board would have had to come up with costs. You would not throw out an offer to 320,000 public servants without having a cost in mind. On the offer that was made to the public service unions, what was the cost behind the compensation for them enduring the Phoenix problems?

Mr. Peter Wallace (Secretary of the Treasury Board of Canada, Treasury Board Secretariat): Thank you very much. It is a very important question, and we do take it very seriously.

There are two impediments to providing the information to you at this point and the reason why we will provide the information to you in writing. The first is that while the agreements are tentative, they are not yet ratified. It is because they are not yet ratified that they have no legal status. It has been the common practice—

Mr. Kelly McCauley: Can I just interrupt you there briefly?

Mr. Peter Wallace: —of all governments to hold off final communication, including pricing, until the agreements are fully ratified. That's with those with whom we have reached tentative agreements.

Secondly, we remain in negotiation and, frankly, that information may have commercial value relative to other bargaining agents, so we will maintain our negotiation position private for the moment.

Mr. Kelly McCauley: But you went public with the offer, so in back-of-a-napkin calculations, it's about \$800 million. Surely the government put some numbers together before you made that offer.

**Mr. Peter Wallace:** No, the back of this number calculation—and I'll ask Mr. Purves to add to this as well—may not be fully accurate, because there will be a combination of costs to the government, including backfill days—

**Mr. Kelly McCauley:** Did you prepare the cost before you made the offer?

Mr. Peter Wallace: —and a variety of other things. Obviously that information is of direct proprietorial and commercial value to the Government of Canada as it continues to negotiate with bargaining agents. Also, the agreements themselves are not yet concluded and, while recommended by the bargaining agents to their members, have not yet been ratified by either the members or the government or Treasury Board.

Is there anything you want to add to that, Glenn?

The Chair: Thank you very much.

Mr. Blaikie, you have five minutes, please.

Mr. Daniel Blaikie: Is it five minutes? Okay.

My questions are about changes to the presentation of the estimates. In particular, I appreciate that at the very least now, department-specific items are going to go to the appropriate committee for study.

However, as I have said throughout this process, that doesn't mean a lot of people can get answers to the questions they want to ask. I think parliamentarians want to be able to ask good and detailed questions about particularly new program approvals, so that applies especially to new budget items.

I think the PBO concurs in that analysis, in terms of it being good that these particular committees are now going to have to look at those votes. It says specifically that, "While these are important improvements to the process, it does not address the issue of parliamentarians voting on items which have yet to be scrutinized or refined by the Treasury Board."

Further, if you look at GCpedia, which is a place where civil servants can go to get answers to questions they might have related to their work, there is a question: "I don't recognize some of the budget measures. How do I have them removed from my main

estimates?" The response on GCpedia is, "TBS worked with the Department of Finance to identify the spending measures that require appropriations." It goes on, in question 4: "I don't agree with some of the amounts and descriptions of the Budget measures. How do I have them revised in my Main Estimates?" The answer is, "Amounts cannot be adjusted."

Presumably, those departmental officials are going to be reporting to committees and having to answer questions. Clearly, there's a bit of concern.

Another question that was asked, question 7, read: "Most of my organization's Budget measures have not yet been approved by Treasury Board. What can I say about those measures at a committee appearance?" The answer is, "Give brief, high-level responses.... Avoid referring to policy questions or program design issues that have yet to be discussed in Cabinet or Treasury Board." As a parliamentarian who is going to be approving funding for these new programs, one of the major issues, as recognized by the Parliamentary Budget Office, is....

In the old system, for all its faults—and it was not a perfect system—by the time that parliamentarians were being asked to approve funding, departments had done their homework. They knew what the program was. It had gone through the detailed and rigorous costing process at Treasury Board. Parliamentarians could ask questions about the program, and the answers at least existed in principle. Even if parliamentarians might not have been able to get a straight answer about the program from the minister or departmental official, at least we knew that the answer was there. If you maybe put the question the right way, you might be able to unearth something, or if you filed the right kind of request, either an Order Paper question or an access to information request, you might get the answer.

The changes to this year's estimates notwithstanding, we're in a position where we've moved from a system where detailed answers about what the government intended to do with the money existed, to a system where those answers do not exist. In fact, civil servants are asking the question, "If I don't know where this money came from or how it ended up in my budget, can I get it out of there?" The answer is, "No." Then a further question, "What kind of answer do I give?" And the answer is, "Well, just stick to the high-level stuff, because we know you don't have it figured out. You may not have even known that it was going to be in your departmental estimates."

How, as a parliamentarian, am I supposed to have confidence in the revised estimates process when I know that the departments appearing before my committee don't actually know how they're going to be spending the money they're asking me to approve? Why should we accept that?

Treasury Board also has an oversight function. If departments came to Treasury Board and said, "We don't yet know how we're going to spend the money. We don't know how many FTEs we're going to need. We don't know where we're going to house the space. We don't know how much of the program money is going to be used for direct transfers to Canadians, because they fall into a certain category. We've got a ballpark idea of what we kind of want to do. We think this is a pretty good number, and when Treasury Board approves the money, we'll tell you later what we did with it. We'll write you a report and send it your way. Then, if you have questions, the money will be out the door. It's already spent. There's nobody to go back on that. But you'll know how it was spent, because once we spend it, we'll know how we were going to spend it."

Surely you wouldn't accept that standard at Treasury Board. Why do you think parliamentarians should accept a lesser definition of oversight?

**●** (1805)

**The Chair:** On that note, as I always advise members of the committee when they're asking questions of witnesses, the five-minute allocation of time is for both the question and the answer.

Mr. Daniel Blaikie: I would be happy to get it in writing.

The Chair: We will ask, as I always do...since we have completely no time left in that five-minute intervention.

I think you have a good, strong sense of what Mr. Blaikie was asking. We would ask you as departmental officials to please respond to that as quickly as possible, in writing, through our clerk for the benefit of our committee.

Now we'll go on to our next intervention.

Mr. Jowhari, you have five minutes, please.

Mr. Majid Jowhari (Richmond Hill, Lib.): Minister, welcome, and welcome to the departmental officials.

Minister, I want to go to the topic that was quite a hot debate in the previous sessions we had with Minister Qualtrough. I want to talk about the next-generation HR and pay system. In budget 2018 TBS requested about \$16 million. In 2019 you're requesting about \$25 million. Can you give us an update on where we are in the process of coming up with the next generation system? How was the \$16 million spent, and how do you plan to spend the \$25 million? Thank you.

**Hon. Joyce Murray:** I'll start by saying that we have a very unfortunate situation with the Phoenix pay system. My empathy is with everyone who has been affected by that. We're working very hard to negotiate damages compensation for our public servants, who are the best in the world.

The next-generation pay system comes out of our commitment to replace the Phoenix system, which is just not fit for its purpose, so it's been a very different way of moving forward. I will ask the officials to talk about exactly how the money is being expended. I can say, though, about the methodology we're using, that the process of investigating how to replace the Phoenix pay system is one that is really focused on the user. In other words, the people whose work will be paid through the system are involved in the consultations. We've had consultations right across the country. We've involved

other pay experts. We're doing this in a staged approach so that we can test out and pilot particular potential "software as a service" solutions to pay.

It's a very different approach from deciding, as the previous government did, that they wanted to cut spending and wanted to reduce the number of civil servants, and therefore would launch a pay system that wasn't suitable or ready. We're doing it differently.

As to how the money is being spent, I'll ask....

**●** (1810)

**Mr. Peter Wallace:** The allocations for the next generation are for up to \$16 million over two years. We're working our way through the balance of that funding. At this point, we have not required additional or extra funds to be expended on the next-generation project.

As the minister indicated, the next-generation project starts from a fundamentally different place. We are exploring the potential for "software as a service" solutions to allow us to use essentially boilerplate or built-in, already proven software generally available from the private sector and to apply that into the context of the Government of Canada. In so doing, we are very conscious of the lessons learned from the Phoenix challenges, and particularly from the Auditor General's report, and noting that this is not just about software selection but about the application of that software into a very different system. We will make sure there are pilot projects and a variety of other things. There are critical differences, including a focus on user experience but also a focus on making sure we have an opportunity for thorough and rigorous pilot projects before we attempt to roll out a software solution.

**Mr. Majid Jowhari:** Would you say that the majority of the \$16 million is being spent on consultation and looking at different options?

Mr. Peter Wallace: That is correct. The majority of the \$16 million that is being spent up to this point has been spent working our way through an initial exploration process to determine the types of software vendors who would be available to meet our needs. It will be both a needs definition process and a process in which we essentially challenge software vendors in a gated process to demonstrate that they are able to meet the needs of the Government of Canada. Those needs relate to not only a pay module but also a full HR-to-pay continuum.

So it will be a broader software challenge than Phoenix. We've asked a number of vendors to work their way through that process, and have had good co-operation so far from the public service, the private sector vendors, bargaining agents and others as well.

Mr. Majid Jowhari: I have about 15 seconds. I'll yield that to the chair.

The Chair: Thank you very much.

Mr. Nicholson, you're up for five minutes, please.

**Hon. Rob Nicholson:** Congratulations, Minister, on your new appointment here. It's not easy because of all the different aspects of it. It's huge, and certainly it's a large responsibility.

I want to get back to one of the questions raised by my colleague Mr. McCauley.

The background to this is that, during the Victoria Day week, I met with a man, a public servant. He told me that he was a veteran. He had been in the armed forces for about nine or 10 years, I think he said, and he's now been in the public service for a couple of years.

He told me that he now doesn't get credit for the nine or 10 years he was in the military, and it makes a difference. Your responsibility, or the responsibility of the government, is everything from pay equity to making sure we know where the money is getting spent.

He said he's not given credit for that, and it makes a difference to him. If he has seniority in the public service, let's say 10 years or 15 years, he might get an extra week's vacation. There are benefits.

I wasn't quite aware of this decision. Apparently, as I've been told since, Treasury Board approved it. You've probably approved a lot of things, and this is just one component of it, but we want to do what we can. Everybody talks about doing what we can to support the people in our military and our veterans. We can get into criticisms as to who did what, when, and all of that kind of thing, but it seems to me that this is something important and that we should do what we can to support those members of our military who have retired and go into the public service.

I'm hoping that you will have a look at this. Again, I think you would probably get unanimous consent among all political parties if this were reversed and we said, "Yes, okay, if you've served in Canada's military, yes, that should be credited towards your public service". We could spend all our time criticizing each other, but I think you would agree. I bet if I canvassed people around the table, they would say, "Yes, if you've served in the military, you should be credited, and you should get this benefit".

I think, Mr. Purves, you said you were going to be looking into this, or maybe you've gotten some notes on it. Again, this kind of stuck in my head when I met with somebody about this. First of all, when he said this, I said, "No, no, we want to accommodate our military people. We want to give them credit for that", but there is a challenge here, and so I'd like to hear your thoughts on that.

• (1815)

**Hon. Joyce Murray:** Thank you for your kind remarks about my appointment, Mr. Nicholson.

Also, I want to say that I completely share your view that we want to do everything we can to support the men and women in uniform, those who have left our Canadian Armed Forces and are veterans.

The matter that you're referring to is subject to negotiation. It's a negotiated decision between bargaining agents representing the people in question and the former military. The Public Service Commission is the place that would be leading that negotiation and would be the organization that could answer your question as to that negotiation.

**Mr. Peter Wallace:** Having said that, we will communicate with the Public Service Commission to make sure they are aware of the sensitivity. If we can provide appropriate information to this committee, as my colleague Mr. Purves suggested, we will absolutely undertake to do so.

**Hon. Rob Nicholson:** I appreciate that. As I say, I don't see any downside to this. If it's the union that's negotiating this, and the government and the Canadian people want to support these things, it's not contentious in that sense.

Mr. Peter Wallace: I couldn't agree more. The reason we were unable to answer the earlier question fully is that this is an area where we are not seized with the details. Because of that, we can only take the question as notice and come back, but we obviously take the question seriously. In the interim, since the initial question was asked, we've received a note that this is something from another department, the Public Service Commission, but we will undertake to review that and make the Public Service Commission aware of the concerns of this committee. If we are in a position to provide you with appropriate information, we will absolutely do so, and we'll follow up on the question.

We absolutely agree with the policy intent behind the question by both member McCauley and you, sir.

The Chair: If I may make an extraneous comment on that without going into a high level of detail, as I'm sure you're aware, Minister, this committee has been studying the hiring of veterans in the public service. It's been an excellent study so far. I won't get into detail because those discussions have been held primarily in camera, although some of them have been in public. We will be coming out with a report to be tabled in Parliament—hopefully before we rise for the summer—which will contain a number of recommendations.

I won't go into those recommendations because of some of the confidentiality in our discussions, but I would encourage you, Minister, and your government to take a really hard look at our report when it is tabled. I would suggest to you that there would be full unanimity around this table if the government enacted and approved many of the recommendations contained in that report.

With that, we'll go to Mr. Drouin for five minutes, please.

**Mr. Francis Drouin:** Thank you, Mr. Chair. I know the minister looks forward to reading that report. Hopefully, Tom, we will work with you to ensure that you can present that report to Parliament in time.

The Chair: You will never be invisible to me, Francis.

Some hon. members: Oh, oh!

Mr. Francis Drouin: I would expect no less.

Minister, you and your predecessor and your department and have pushed a digital government strategy. I'm wondering if you could give our committee an update.

At the same time, I know there was an open government partnership international summit last week. I was hoping you could provide some context into what the objectives and outcomes of that conference were.

**●** (1820)

**Hon. Joyce Murray:** That is a very important part of my mandate. Digital is about improving services to Canadian citizens. That's the bottom line. We're part of what was the D9—there may be more digital countries that have banded together, but there were nine the last time I heard—to share information, best practices and new ideas as to how to move forward to improve services to citizens.

The Open Government Partnership is almost a parallel initiative. It is a group of over 80 countries that have signed on to a partnership to improve and increase citizens' access to their government. Why is that important? It's important because by having access to government data, people can use the data to solve problems, to create apps or businesses and serve and grow the economy. By having government be open to citizens, they can be involved in decision-making. They can be consulted, so that better decisions get made.

When governments are more open and provide their data openly and consult, there is a stronger level of trust between citizens and their government. For some countries in this partnership, it has been a means of reducing corruption. Once the data is out there, then people can press their government to actually flow the funds that were supposed to have flowed to a particular initiative. One example that came up was a maternal health clinic. It's a very powerful tool for trust and for having better decisions made and having superior outcomes in the government's delivery of services.

Lastly, trust is about strengthening democracy as well. As the digital world gets much more sophisticated, that's a good thing, but at the same time we're seeing that it can be exploited or abused for negative purposes that divide people and create opportunities that undermine democracy. Open government is also about addressing that and finding ways to strengthen democracies and innoculate against the kinds of attacks on democracies that we've been seeing and that have used digital as a way to do it.

**Mr. Francis Drouin:** Just on a personal basis, I want to congratulate you for your new role, although you have been in your new role for quite some time now. I certainly miss you not being here anymore, but I'm getting used to Mr. Fergus now.

We've often talked about digital government and aspiring to what Estonia has done with its citizens, for example. I know that in Estonia, I think citizens get a notice on their cellphones—or they can pick which device to receive it on—when governments are sharing information about them. Is that something Canada can aspire to in the future? I know we're a lot more complex than the Estonian government, but do you think that's a vision we could aspire to?

**The Chair:** Hopefully it will be an aspirational comment of about 20 seconds in length.

**Hon. Joyce Murray:** Absolutely, but in the Canadian way, because we have a federation and provinces and territories.... There is already work being done with a trial province to coordinate some digital identification with the province's digital identification.

Yes, we want to move forward on that. We're going to do it very carefully and hand in hand with our provincial partners.

The Chair: Thank you very much.

Our final five-minute intervention will go back to Mr. Nicholson.

Hon. Rob Nicholson: Thank you for your comments and your input here today.

I want to get back to a subject that we raised with your counterpart, Minister Qualtrough, with respect to the Privacy Act. I'm sure you are aware that, and I quote:

Personal information under the control of a government institution shall not, without the consent of the individual to whom it relates, be disclosed by the institution except in accordance with this section.

I'm quite concerned about a number of incidents that have taken place over the last number of months. Some of them have gotten a lot of publicity—the trial of Admiral Norman—with the information that has been released. I was concerned, for instance, having been a member of a group that gave advice to the government with respect to the appointment of a Supreme Court of Canada justice. The leakage of information about different individuals, I think, was a concern to everyone.

It's hard to pick up the paper and not see something else. I mentioned this to your colleague. It says last week that the office of innovation minister Navdeep Bains alerted Irving that Globe and Mail journalists had asked the department whether an investment in an Alberta french fry plant was counted as an industrial benefit requirement.

In a sense this continuous leakage undermines people's confidence in our system, and there is legislation that makes it an offence to release any information. I'm just wondering how concerned you are about this and what is being done.

I asked Minister Qualtrough about it, and she said they had sent out a message that they can't be doing this kind of stuff, releasing all this information, but I think it perhaps goes beyond that. It's a greater concern.

What are your thoughts?

**●** (1825)

Hon. Jovce Murray: Thank you for raising that.

Privacy is a key principle. When we signed up to the D9—the Digital 9—I was actually at the signing ceremony for the D7 charter in New Zealand. One of the key things was privacy. Privacy, as well as digital justice, inclusion and those kinds of things are very key to international and national discussions in the open government and the digital initiatives, going forward.

In the digital era it becomes even more critical to protect citizens' privacy. That's the kind of dynamic tension one has with openness. You must also at the same time be protecting individual privacy. We're very seized with that. It is a part of the data charter that our government has put forward.

Our ministry of Treasury Board Secretariat is working on artificial intelligence principles. So for any of the departments that are working with AI...it is responsible AI. That is also about protecting the privacy of personal information. That's a fundamental principle.

**Mr. Peter Wallace:** I'll just supplement that very briefly from a Treasury Board official's perspective. There are a number of different aspects of privacy, but I'll speak to two of them very briefly.

The first is technical. Technical requirements, technical standards and technical risks around privacy are changing rapidly as we transition from a server base to a cloud environment and other things. Treasury Board is taking a leadership role in trying to ensure that the privacy of Canadians' information that the government collects is as secure as it can be. That is technically very difficult and very challenging cutting-edge material. We hope to get that right, but

it's an ongoing and significant challenge for us in working with other departments and other governments.

As well, there are the behavioural aspects that you were referring to directly in your question. We try to make sure, through the use of internal audit and our other regular functions, that we have a good understanding of what data or information we have that would fall under the protection of privacy principles. We make sure that individuals and teams within the Treasury Board public service are aware of their legal requirements—their oath of office—to protect the integrity of that information and take that information seriously.

There is both a knowledge and a behavioural aspect of ensuring that we follow up on that on a consistent basis.

The Chair: Thank you very much.

I'm sorry, Mr. Nicholson, but we're out of time.

Minister, once again, thank you and your officials for being here with us. I know you had to alter your calendar somewhat to be here with us, so I do sincerely appreciate that.

Colleagues, thank you all for being here. Our normal meeting time, as you know, is between 3:30 and 5:30, so committee's sitting here until 6:30 to hear the testimony, I much appreciated as the Chair.

The meeting is adjourned.

# **Opening Statement**

by

# Honourable Carla Qualtrough Minister of Public Services and Procurement and Accessibility

Standing Committee on Government Operations and Estimates

Main Estimates 2019-2020
Public Services and Procurement Canada
Shared Services Canada

June 5, 2019

Mr. Chair and committee members, good afternoon.

I am pleased to appear before you as Minister of Public Services and Procurement and Accessibility, and Minister responsible for Shared Services Canada to discuss our Main Estimates for 2019-2020.

With me today from Public Services and Procurement Canada are Deputy Minister, Bill Matthews; Chief Financial Officer, Marty Muldoon; Associate Deputy Ministers, Michael Vandergrift and Les Linklater; and Assistant Deputy Minister of Defence and Marine Procurement, André Fillion.

From Shared Services Canada, we have President, Paul Glover; Denis Bombardier, Chief Financial Officer; and Luc Gagnon, Chief Technology Officer.

Mr. Chair, these two organizations serve Canadians every single day by providing critical services and support to other departments and agencies.

# Main Estimates: PSPC

Allow me to begin with Public Services and Procurement Canada, which is requesting \$4.2 billion in the 2019-2020 Main Estimates. Well over half —\$2.4 billion — will be spent on property and infrastructure such as the parliamentary precinct.

This year's Estimates includes \$1 billion in new spending as outlined in Budget 2019.

Of this, \$373 million will provide long-term, predictable funding for larger capital projects such as the rehabilitation of the Alaska Highway and the Sinclair Centre in Vancouver.

\$275 million will provide maintenance, repair and other real property services for federal office space, which PSPC provides for 99 federal departments and agencies in 1,554 locations across Canada.

We are also making investments in other important programs.

\$4 million will be used to maintain the Controlled Goods Program which provides our industry with valuable access to opportunities in the United States defence market.

PSPC will spend \$8 million to upgrade the current IT systems that underpin that program as well as the Contract Security program.

We are also proposing approximately \$6 million to support the important rehabilitation and maintenance of the three National Capital Region bridges owned by PSPC.

\$3 million is allocated to the Cost and Profit Assurance Program which helps ensure the integrity of pricing and payments of government procurement, especially defence-related contracts.

Finally, Mr. Chair, more than one-third of the new spending or \$352 million will support the Government of Canada's ongoing efforts to stabilize the current pay system and address pay issues.

These funds will help maintain the increased capacity for processing pay transactions.

# **Phoenix**

On this issue, I am pleased to inform the committee that we have now implemented pay pods for all of the 46 departments serviced by the pay centre, and this highly efficient model is showing results.

Since January 2018, the queue has been cut by more than 209,000 transactions – a decrease of 33%. When we look at the departments who were first to move to the Pay Pod model, the results are even more impressive: their queues have been reduced by nearly half.

While this is promising progress, there is still much to do. We are committed to making this right and ensuring our public servants are paid accurately and on time, every time.

# **National Shipbuilding Strategy**

Mr. Chair, I'd now like to provide the committee with an update on one of our other key priorities: the National Shipbuilding Strategy.

We are making significant progress, delivering for the women and men of the Navy and Canadian Coast guard while creating good, middle-class jobs for Canadians, and supporting the development of the marine industry across Canada.

Both the Canadian Coast Guard and the Royal Canadian Navy will take delivery of the first large vessels built under the Strategy this summer—an Offshore Fisheries Science Vessel and an Arctic and Offshore Patrol Ship, respectively.

Earlier this afternoon, the second Offshore Fisheries Science Vessel was launched in Vancouver. More vessels are under construction, and more deliveries are on the way.

Early block construction of the Joint Support Ship is also ongoing. So is the design work for the new Canadian Surface Combatants.

We are making progress on other projects as well. The conversion of the second and third interim icebreakers for the Canadian Coast Guard is advancing well. The first was completed in December and is already in service.

And just last month, we announced our intention to award a contract to build two new ferries for Transport Canada, fulfilling our Budget 2019 commitment to build the ferries which will operate on important routes in eastern Canada.

As well, there is repair, refit and maintenance work being completed across the country. Of note, contracts for maintenance support services for 12 Halifax-class frigates are expected to be awarded soon.

Mr. Chair, much has been accomplished, and we are determined to take the steps to further strengthen the National Shipbuilding Strategy.

Recently, the Prime Minister announced that our Government will provide up to 18 new large ships for the Canadian Coast Guard. This is a major investment in the critically important services provided to protect Canadians and our marine environment, and to ensure the safe and efficient movement of ships that are key to our economy.

The Prime Minister also announced plans to add a third shipyard under the National Shipbuilding Strategy to ensure that the immediate and long-term needs of the Canadian Coast Guard are met. We will be launching a competitive process in the coming months to add the third shipyard.

The renewal of our fleets is well underway.

We should also recognize that the Strategy is creating significant economic benefits and creating high-quality jobs. Contracts awarded between 2012 and 2018 are expected to contribute about \$10.9 billion to our gross domestic product and create or maintain more than 10,000 jobs annually during the period covering 2012 to 2022.

Clearly the benefits of the National Shipbuilding Strategy are far reaching, and we are committed to providing open and frank assessments of our progress.

The latest information about the Strategy is available in our recently published annual report, which we've provided to members. The Report is an important part of our promise to Canadians to be as open and transparent as possible about the work we're doing.

On that note, I would like to address recent media articles surrounding the public disclosure of information related to procurement.

We strive to communicate as much as we can, while respecting rights and obligations outlined in Access to Information and Privacy legislation. That said, we've found that we have been overly restrictive in some cases in limiting the information potential suppliers can share publicly about procurement processes.

I want to assure this Committee, Canadians and members of the press that we have since addressed the issue.

Department officials have been directed to update standard practices related to military procurement to better reflect our commitment to be as open and transparent as possible, recognizing that restrictions are needed only in certain situations.

We've also recently seen instances where reporters' following our files have had their personal information shared outside of the government. While we sometimes need to verify facts requested by media with external suppliers regarding ongoing projects, we need to do better to respect and support the important role that journalists play.

Mr. Chair, this is why PSPC has reviewed their media protocols to ensure that we provide accurate information regarding ongoing projects with industry partners while respecting reporters' private information.

# **Integrity Regime**

Now before I turn to Shared Services Canada, I'd like to take a moment to discuss PSPC's Integrity Regime, which debars and suspends companies convicted or accused of economic crimes from doing business with the government.

The last time I was here, I noted that we were preparing to announce enhancements to the regime following public consultations.

However, as we all know, recently there has been considerable discussion and many views expressed around corporate wrongdoing and the government's response to such misconduct. As a result, the Government of Canada is taking additional time to assess possible next steps regarding the Integrity Regime.

In the meantime, the current Ineligibility and Suspension Policy remains in effect.

# Main Estimates: Shared Services Canada

Chair, let me now address funding for Shared Services Canada.

Through the Main Estimates, Shared Services Canada is seeking \$1.9 billion in funding to continue providing modern, reliable, and secure information technology infrastructure services to its partners and Canadians. It delivers email, data centre, and telecommunications services to federal departments.

This includes \$120 million to replace aging IT infrastructure; \$12 million to support the 2021 Census and \$10.3 million to support cyber security investments.

As part of Budget 2019, the SSC is getting \$1.6 million to support the Government's efforts under the Accessible Canada Act to become a barrier-free employer and hire 5,000 persons with disabilities over the next five years.

The Accessibility, Accommodations and Adaptive Computer Technology program helps integrate and support employees with disabilities, injuries, or ergonomic requirements by providing access to systems, programs, information and other resources. This investment will be used to boost the program's capacity to meet the increased demand for its services from across the government.

Mr. Chair, SSC is making important progress in delivering its mandate.

Cloud service brokering has become a central part of the department's work. It has assessed over 200 Cloud computing requests from over 45 departments.

In addition, the department has closed more than 190 of over 700 legacy data centres, after migrating data and applications to newer and more secure platforms.

Last month, Shared Services Canada concluded an agreement with Microsoft Canada to provide the full Office 365 suite to more than 400,000 public servants across the country. Access to these digital tools is key to creating a modern, collaborative and innovative public service. It also gives public servants a cloud-based platform which will allow them to communicate and collaborate anytime, anywhere.

# Closing

Mr. Chair, one final comment before I conclude.

I want to again thank my colleagues for supporting the Accessible Canada Act, which is a strong expression of our shared commitment to creating a barrier-free, truly inclusive Canada for persons with disabilities.

On *National AccessAbility Week*, our government launched the first ever accessibility strategy for the public service, setting the conditions to identify, prevent, and remove barriers in the workplace to persons with disabilities.

Guided by the principles in the Accessible Canada Act and informed by extensive consultations, the strategy aims to prepare the public service to lead by example and become a model of accessibility, in Canada and abroad.

The Strategy, led by Treasury Board of Canada Secretariat, is appropriately named *Nothing Without Us*.

Because we know that the key to success is making sure we continually engage the disability community and learn from their knowledge and experience—not only in helping make workspaces and work tools more accessible, but also in modernizing our procurement policies and contracting practices to always put accessibility upfront.

We are making progress but much more work is needed.

I am inspired by the dedicated employees at Public Services and Procurement Canada and Shared Services Canada who are doing their part in helping make the federal public service a leader and role model in building a more inclusive Canada.

Thank you. We look forward to your questions.

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