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• (1100)

[Translation]

The Chair (Mr. John Williamson (New Brunswick South-west, CPC)): Hello everyone.

I call the meeting to order.

Welcome to meeting 92 of the Standing Committee on Public Accounts. Pursuant to Standing Order 108(3)(g), the committee is meeting today to begin its study of Government of Canada information technology systems and reports 7 and 8, 2023, of the Auditor General of Canada.

[English]

I'd now like to welcome our witnesses.

From the Office of the Auditor General, we have Andrew Hayes, deputy auditor general; Patrice Malboeuf, director; and Jocelyn Matthews, director, by video conference, I believe.

From the Department of Employment and Social Development, we have Paul Thompson, deputy minister; Cliff Groen, associate deputy minister and business lead, benefits delivery modernization; and John Ostrander, technical lead, benefits delivery modernization.

From the Department of Public Works and Government Services, we have Arianne Reza, deputy minister, and Mollie Royds, associate assistant deputy minister, procurement branch.

From Shared Services Canada, we have Scott Jones, president; Shannon Archibald, assistant deputy minister, hosting services; and Scott Davis, chief financial officer.

Hello, welcome and thank you. There might be some votes here, so you might have to be patient with the parliamentarians today.

As usual, we allow our witnesses to open with a five-minute presentation each. We'll begin with the Office of the Auditor General.

To begin, I'll turn it over to Mr. Hayes.

[Translation]

Mr. Andrew Hayes (Deputy Auditor General, Office of the Auditor General): Mr. Chair, thank you for this opportunity to discuss our reports on modernizing information technology systems and on the Benefits Delivery Modernization programme. Both reports were tabled in the House of Commons on October 19, 2023.

I would like to acknowledge that this hearing is taking place on the traditional unceded territory of the Algonquin Anishinaabe people.

Joining me today are Patrice Malboeuf and Jocelyn Matthews, who were both responsible for these audits.

These two reports are closely related. Our report on modernizing information technology systems examined the government's overall approach to modernizing its systems, while our report on the benefits delivery modernization program focused specifically on the modernization of old age security, the Canada Pension Plan, and employment insurance. More than 10 million Canadians rely on these three benefits.

Overall, we found that the Treasury Board of Canada Secretariat and Shared Services Canada did not do enough to lead and support departments and agencies in updating their information technology systems. These lead organizations still do not have a strategy to drive modernization efforts even though the government first identified aging systems as a significant concern more than 24 years ago.

Whether it is applying for a benefit or managing the business of government, both Canadians and the public service need reliable information technology systems. We found that about two thirds of the government's 7,500 software applications were in poor health. Of those, 562 are essential to the health, safety, security, or economic well-being of Canadians. Some of the systems date back to the early 1960s. The risk that outdated systems could fail and that Canadians could lose access to essential services increases with every passing day.

• (1105)

[English]

While aging information technology infrastructure is a problem that the government has known about for decades, progress has been very slow. We found that in addition to the lack of centralized leadership and oversight, other factors had contributed to delays, including a shortage of skilled people to carry out the work, and an inflexible funding approach.

Our report on the benefits delivery modernization program echoes these findings. In particular, this report shows the effects of the government's inflexible funding approach. When the program was launched in 2017, Employment and Social Development Canada estimated that it would cost \$1.75 billion. That number has since been revised twice, and it will probably change again as delays and challenges persist.

In April 2022 the cost estimate reached \$2.5 billion. That's a 43% increase since 2017. In other words, halfway through the program's 13-year timeline, all three benefits were still running on systems that were between 20 and 60 years old. Faced with ongoing delays, cost increases and staffing challenges, Employment and Social Development Canada adjusted its approach and delayed transformation efforts to prioritize the migration of aging systems. This step was intended to mitigate the risk of system failure.

The department also moved old age security ahead of employment insurance in the migration schedule because old age security was the oldest system with the greatest risk of failing.

The department's decision to focus on migrating the systems to prioritize the continuity of benefits was the right one. However, we are concerned that if challenges and delays persist, decisions could be made to remove aspects of transformation or to take shortcuts to maintain the timelines or budget, as happened with the Phoenix pay system.

Reducing or eliminating the transformation component of the program increases the risk that the final product will not meet the needs of those who rely on these benefits, including seniors, indigenous people and refugees.

We would be pleased to answer any questions the committee may have.

The Chair: Thank you very much.

Up next is Mr. Jones from Shared Services Canada.

You have the floor for five minutes. Go ahead, please.

[*Translation*]

Mr. Scott Jones (President, Shared Services Canada): Mr. Chair and members of the Committee, I am pleased to be here today to address the Auditor General's recent reports and the progress made by Shared Services Canada, or SSC, on their recommendations.

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

With me today are Scott Davis, chief financial officer, and Shannon Archibald, assistant deputy minister of our hosting services branch.

SSC welcomes the findings of the audit and its recommendations. This audit will help the Government of Canada strengthen and improve its information technology or IT systems and hosting services.

[*English*]

Modernizing the Government of Canada's IT systems requires an enterprise-wide approach, and SSC is committed to collaborating with departments and their chief information officers to achieve this.

SSC provides the foundational IT infrastructure for departments to host their applications so that Canadians can have access to secure digital programs and services. While SSC is responsible for the Government of Canada IT infrastructure, it is important to note that departments are responsible for modernizing or decommissioning the applications that run on the infrastructure SSC provides.

SSC has a plan in place to address aging infrastructure, as the AG's report pointed out, and we are working on it. SSC continues to collaborate with the Treasury Board Secretariat and all departments to advance modernization goals and to ensure that outdated IT infrastructure is replaced with modern and stable hosting solutions. As part of that process, we are working with TBS, departments and their chief information officers to identify applications most at risk.

Investments over the last two years have allowed us to renew the base infrastructure of the government, and through that, the core network is being completely transformed into a modern, agile network.

To support the modernization of applications by departments, SSC is offering modern hosting solutions, including cloud services and the Government of Canada's own state-of-the-art enterprise data centres. These modern solutions are key to be able to offer digital solutions and programs to Canadians.

For example, SSC is working on private cloud to offer opportunities to modernize applications and working on edge solutions to address latency needs. Through our hosting services strategy, SSC will continue to support applications across departments and improve the security and the stability of those within the enterprise data centres.

This hosting services strategy will also offer solutions tailored to different workloads and applications. Focusing on innovation, sustainability and cybersecurity will ensure we serve Canadians efficiently while building stronger partnerships and inspiring confidence and trust.

For Employment and Social Development Canada's benefits delivery modernization program, SSC is providing the underlying cloud connectivity and associated procurement vehicles to that cloud connectivity. More precisely, SSC is responsible for designing and modernizing the digital infrastructure to support BDM through rigorous project planning, oversight and governance in collaboration with our colleagues. SSC continues to work closely with ESDC to provide guidance and advisory services on the various components of the digital solution.

To better communicate and collaborate with all departments across government, SSC has launched “digital together”. This plan is designed to accelerate progress in the areas of digital services, connectivity, hosting and cybersecurity.

SSC acknowledges the need for efficient and cost effective modernization. We also acknowledge the need to speed things up. Under “digital together” we identify and prioritize initiatives that respond to the government's priorities while aligning with digital modernization goals and our enterprise approach.

This is a journey that will be powered by both larger-scale modernization of legacy platforms as well as ongoing improvements in the way Canadians interact with technology to access services. Decommissioning legacy infrastructure is complex, and it requires collaborations with departments to ensure there is no disruption to critical business applications.

Working together and leveraging the strengths of partners, we can address the complex challenges facing the government and deliver innovative solutions that drive positive, secure change for Canadians.

- (1110)

[*Translation*]

Mr. Chair, to summarize, SSC has a plan to have a stable IT infrastructure and to ensure connectivity coast to coast. We will continue to look for ways to innovate and improve. However, to achieve this vision, continued investments will be required.

We would be happy to answer your questions.

Thank you.

The Chair: Thank you.

The next speaker is Ms. Reza, deputy minister of Public Works and Government Services.

[*English*]

You have the floor for five minutes. It's nice to see you again.

Ms. Arianne Reza (Deputy Minister, Department of Public Works and Government Services): Thank you, Mr. Chair, for the opportunity to discuss the role of Public Services and Procurement Canada in relation to the benefits delivery modernization program.

All Canadians should expect to receive accurate and timely benefits, regardless of how those benefits are managed from an IT infrastructure perspective. They trust that the government departments responsible for old age security, employment insurance and the Canada pension plan can preserve the continuity of payments, even during large-scale IT transformation projects.

The benefits delivery modernization program is the largest IT transformation initiative ever undertaken by the Government of Canada. It will replace outdated and complicated legacy systems with a streamlined and secure software platform to access benefits for old age security, employment insurance and the Canada pension plan.

Canada requires the skill and expertise to execute transformations of this magnitude and complexity. Consequently, PSPC, on

behalf of ESDC, has contracted vendors with a proven track record of success in large transformation projects.

In her fall reports, the Auditor General concluded a study as to whether the program was progressing in a way that supports the continuous delivery of critical benefits for Canadians. This includes an examination of the various processes, including procurement, that are engaged during the transition of IT systems and business processes.

The study did not result in recommendations directed at PSPC, but our role in the program is important and critical, and we will continue to support ESDC as it moves forward.

[*Translation*]

As a common service provider, PSPC provides support to Employment and Social Development Canada for major procurements related to the benefit delivery modernization program, including all professional services contracts. These contracts ensure that Canada has access to the strategic advice and specialized expertise of system integrators that are critical to the success of the Program.

In early 2021, following a competitive procurement process, PSPC awarded four contracts to qualified systems integrators to provide integration services to onboard the three large benefits onto the new technology platform, which involves hundreds of different technologies. The systems integrators also provide strategic advice and some technologies as needed. Specifically, as a result of a competitive process, contracts were awarded to Accenture, CGI Information Systems, Deloitte, and Fujitsu Consulting.

These four qualified suppliers usually compete for work packages. In some instances, and where appropriate, the work is allocated among all four suppliers, who then work collaboratively to advance the program.

The combined cumulative value of contracts awarded to the four system integrators is currently \$409 million. I will note that PSPC is currently supporting ESDC in designing the procurement to replace the employment insurance system, which will result in additional work via these contracts.

The department has also awarded a contract on behalf of ESDC, as a result of a competitive process, for the core technology platform to IBM Canada, currently valued at \$70 million. Each of the benefit programs will be onboarded and integrated onto this platform. PSPC also issued a large competitive contract for strategic transformation advice, as well as a project management services, to PricewaterhouseCoopers, currently valued at \$147 million.

• (1115)

[English]

Finally, work has begun with ESDC to prepare for the retendering of the strategic transformation advice contract, and it is estimated that the contract will be valued at approximately \$70 million.

Mr. Chair, PSPC is integrated into all levels of benefits delivery modernization governance in order to provide guidance on the procurement elements of this transformation program. Given the size and scope of the program, we have a team of procurement specialists working full time on this file to support ESDC in ensuring that it meets the needs of Canadians across the country.

For this project, as with everything we do, PSPC is committed to ensuring that procurements are conducted in a fair, open and transparent manner. At the same time, we are ensuring that procurements are undertaken in accordance with relevant policies, guidelines, regulations, trade agreements and procedures while meeting the requirements outlined by client departments.

We will continue to provide contracting services and work with ESDC and other partners to deliver BDM with the shared goal of ensuring that the government delivers benefits for Canadians with an emphasis on efficiency, accuracy and accessibility.

[Translation]

Thank you, Mr. Chair.

I would be pleased to answer the committee's questions.

The Chair: Thank you.

We will now go to the next speaker.

[English]

Mr. Thompson is deputy minister with Employment and Social Development.

You have the floor for five minutes, please.

It's nice to see you.

Mr. Paul Thompson (Deputy Minister, Department of Employment and Social Development): Thank you very much, Mr. Chair.

Thanks for the opportunity to discuss the Auditor General's report, "The Benefits Delivery Modernization Programme".

[Translation]

The Government of Canada welcomes the report and its recommendations. They will help us refine our project management approach, not only for this project, but also for other large IT projects.

[English]

As my colleague has noted, benefits delivery modernization is the largest IT project undertaken by the federal government. Ultimately, the project will securely and reliably deliver to millions of Canadians benefits through three key programs: employment insurance, the Canada pension plan and old age security. Over the last year alone, Service Canada delivered over \$145 billion in benefits through these programs to over 10 million Canadians.

The challenge we have is that the current technology that supports these services is outdated, risking errors and payment delays. There is an increasingly urgent need to replace these aging systems with modern, reliable, digital solutions. A new platform will position us for not only a better client experience but also one that is safer and more secure than ever before.

It will also give us more agility to respond to policy and legislative changes. We'll be able to implement such changes more quickly and better enable ESDC to adapt to both client expectations and changing circumstances and events.

[Translation]

The recommendations from the Auditor General's report will help us carry out this project and will contribute to its success.

We have taken action in a number of different areas based on extensive research, best practices and lessons learned from both the private and public sectors, Canadian provinces and territories, the United Kingdom, Australia, and the United States. And we learned the lessons from less successful IT enabled transformations, such as the Phoenix pay system.

• (1120)

[English]

In speaking to some of the improvements we've made, we now have a dedicated senior level leadership in place for both the business and technical aspects of the project, both of whom have significant combined experience in the public and private sector.

The appointment of my colleague, Cliff Groen, as associate deputy minister and business lead, and John Ostrander, as the technical lead, combine this business expertise and proven technology leadership at the most senior levels of the program.

In June 2022, the government's chief information officer conducted a strategic assessment of the program. This is a common practice for large and complex transformations, and it positions the program for success.

The CIO's office works in close collaboration with a dedicated ESDC internal audit team. Together, they give real-time advice and recommendations on risks and issues to senior management. They also work with a third party assurance provider to assess the effectiveness of risk management, control and governance processes of specific areas.

With regard to implementation, old age security is the first benefit that is being transitioned to the new BDM platform. It is important to note that it has already gone live.

Last June, 600,000 old age security foreign beneficiaries were successfully transitioned to the modernized system. Full onboarding of all OAS clients to the new platform is on track to be completed in 12 months' time in December 2024.

[Translation]

We are modernizing OAS, EI, and the CPP over three phases, with an expected completion date of 2030. This incremental and phased approach allows us to demonstrate the value of early and continuous transformation as the platform capabilities mature.

[English]

In terms of costs of the BDM program outlined in the report, I would highlight that current spending is consistent with other jurisdictions undertaking similar transformations. Since 2017, the BDM program has spent \$817 million. The Treasury Board approvals to date amount to \$2.2 billion over a 10-year period. While this is a very sizable investment, it is important to note that the total benefits delivered to Canadians during the lifetime of the platform will be more than \$1.5 trillion.

With large IT projects like this, we know they are intricate, but we are determined to get it right.

Mr. Chair, serving Canadians is our top priority. We understand that the success of benefits delivery modernization is non-negotiable.

[Translation]

We will continue to work with the Treasury Board Secretariat to refine our approaches to delivering services, sharing best practices across all levels of government, and minimize system risks.

[English]

Again, thank you very much for the opportunity to appear. I look forward to taking your questions.

The Chair: Thank you very much.

We had a late arrival.

Ms. Luelo, I understand you have an opening remark.

Ms. Catherine Luelo (Deputy Minister and Chief Information Officer of Canada, Treasury Board Secretariat): Yes. Good morning. The irony of the CIO having tech problems getting into the meeting is not lost on me. I hope my audio is working fine.

I'm going to just add to my colleague's comments.

The chief information officer and my office are accountable for the overall leadership of IT, and for service and digital transformations across government. My colleagues have outlined some of the challenges there. We're also accountable for oversight on high-risk and complex programs. BDM is one of those. When you take the two audit reports, the Auditor General has done a very good job of outlining the issues in front of us.

Today, I look forward to the conversation with the committee around my opinions on the fact that we are trying to do too many things, and that is part of what is slowing our progress and improvement.

With that, I'll pass it back to you.

● (1125)

The Chair: Thank you very much.

Without further ado, I will turn to our opening round.

Mrs. Gray, you have the floor for six minutes, please.

Mrs. Tracy Gray (Kelowna—Lake Country, CPC): Great. Thank you, Mr. Chair.

Thank you to all the witnesses for being here today.

Through the chair, I'm just wondering who would be responsible for the development and oversight of the budget for the benefits delivery modernization program so that I can ask my questions to the appropriate person.

Mr. Cliff Groen (Associate Deputy Minister and Business Lead, Benefits Delivery Modernization, Department of Employment and Social Development): That would be Employment and Social Development Canada—Paul, John and me.

Mrs. Tracy Gray: Great. Thank you so much.

We know that the initial budget disclosed by the government for the benefits delivery modernization program was \$1.75 billion. Can you please table for the committee this detailed budget?

Mr. Cliff Groen: The initial budget estimate that was put forward for the benefits delivery modernization program was \$1.75 billion. We could certainly provide you with the estimates that had been developed at that time.

Mrs. Tracy Gray: Great. I'm looking for the detailed budget for that. Could we get that by January 19, 2024, just to put a timeline on it?

Thank you.

The third party review as reported on by the Auditor General was completed, showing that the program cost was now between at least \$2.7 billion and \$3.4 billion. I know that a couple of numbers in that range were mentioned by different departments here today. Can you confirm that this is the new budget amount?

Mr. Paul Thompson: As noted, we're working within a project authority of \$2.2 billion. We have spent \$853 million to date. At present we are responding to the AG's recommendations on improving the costing. There are some further decisions to be made on the scope of the remaining work. Some of the phases of the project remain fairly speculative at this point, too, so we don't have a full-fledged program of work costed out for the next 10 years, if that's what the question is seeking.

Mrs. Tracy Gray: The question is this: What is the new budgeted amount? You've said that the new budget amount is now \$2.2 billion. Therefore, could you forward to this committee the detailed budget of that new amount of \$2.2 billion? Could you also meet the timeline of January 19, 2024, please?

Mr. Paul Thompson: We can certainly speak to the plans with respect to the \$2.2 billion, but as noted, additional work that's expected above and beyond that is currently being costed out. Some choices are being made on the project scope—what will be in, what will be out and those kinds of things. We can certainly speak to the original budget and the \$2.2-billion project envelope that we're working with.

Mrs. Tracy Gray: Okay.

This was reported in the National Post on November 17:

Sources suggest ESDC is set to go back to the Treasury Board Secretariat, which controls the public purse on the [benefits delivery modernization program], with a new...estimate of almost \$8 billion. That would be a 357-per-cent increase on the original estimate, if confirmed.

Can you confirm whether that is the new estimate for the program? Is that the new estimate that you're working toward?

Mr. Paul Thompson: That is not the estimate that we're working toward.

Mrs. Tracy Gray: Okay. Thank you very much.

Next, there are new ministers who are responsible for, or whose departments have direct lines of responsibility for, benefits delivery modernization since the ministerial appointments this summer, in July 2023. Has the employment minister requested a briefing on the benefits delivery modernization program, this IT project?

Mr. Paul Thompson: I can speak to the accountabilities within Employment and Social Development. The lead for the project is Minister Beech, the services delivery minister. Of the three statutory programs I mentioned, two of them are the responsibility of Minister O'Regan. Those are the Canada pension plan and old age security. One of them is the responsibility of Minister Boissonnault. That's the employment insurance program.

They are kept informed. They are not the lead ministers, but they're informed on the file.

Mrs. Tracy Gray: You're saying that the lead minister would be the citizens' services minister.

Mr. Paul Thompson: That is correct.

Mrs. Tracy Gray: For all the ministers you mentioned, including the lead minister, can you please forward to this committee information on the dates of the meetings you had with those ministers and when those briefings were? Could we have that information as well by January 19, 2024?

• (1130)

Mr. Paul Thompson: I'm not in a position to identify which dates. I have regular conversations with ministers on a weekly basis. I don't know if I'm in a position to declare which dates.

Mrs. Tracy Gray: Could you go back in your calendar to see when you have had these conversations or these meetings with the various ministers, specifically discussing this benefits moderniza-

tion program? Could we have that tabled by January 19 from whoever is responsible?

Mr. Paul Thompson: We will certainly look to see what briefings have taken place, particularly with respect to the lead minister, with whom there have been a large number of briefings.

Mrs. Tracy Gray: Right—there's the lead minister and actually all the ministers you mentioned, because each one of them, as you mentioned, does have different levels of responsibility.

Mr. Paul Thompson: I would note that there are other ministers who are a key part of this as well, who are involved in an oversight committee. The Minister of Public Services and Procurement and—

Mrs. Tracy Gray: That's wonderful, so could you send to the committee whatever ministers were involved and whenever those briefings were and whenever those meetings were?

Thank you so much.

The Chair: We turn now to Ms. Yip.

You have the floor for six minutes. Go ahead, please.

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

My first question is for Mr. Hayes. In the opening statement you mentioned that 38% of the government's approximately 7,500 information technology applications were considered healthy.

What does it mean to have a system that's considered healthy?

Mr. Andrew Hayes: I would say that it might be easier for me to describe how we define what is not healthy.

Old infrastructure, systems that have limited vendor support, systems that have limited capacity to integrate with others, and systems that are subject to security vulnerabilities would be considered to be in poor health.

If the systems don't have those features, they would be considered to be healthy.

Ms. Jean Yip: What do you consider the biggest challenge?

Mr. Andrew Hayes: At this point our audit report raised a few issues that I would signal.

First is the quality and completeness of information on the state and health of all the systems. As we noted, there is a gap in the information that the Treasury Board Secretariat is getting on the health of these systems.

I would also say that having a strategy in place to be able to plan which priority systems need to be upgraded or replaced would also be an important factor. As we have audited this, in a number of cases in the past, we identified that strategies didn't exist. We're now more than 13 years after one of our other audits, in which we said that a strategy would be important.

Ms. Jean Yip: Why do you think it's not progressing as quickly?

Mr. Andrew Hayes: I think that would be a good question for the departments.

I think part of the challenge, as we have signalled in the report, relates to the availability of skilled staff and recruiting and retaining skilled staff.

Again, the information upon which to make priority decisions is also a reason this could be progressing slowly.

Also, as the deputy minister mentioned, Shared Services is responsible for infrastructure, whereas the departments themselves are responsible for modernizing their applications. They sometimes have to make difficult decisions with their financing, because if they have to pay for modernization, that might have to come out of the funds they would otherwise use for services or programs for Canadians.

Those are all challenges that could be contributing to the delays.

Ms. Jean Yip: I'll ask Treasury Board and Shared Services Canada the same question.

What are the biggest challenges, and why is it not progressing as quickly?

Ms. Catherine Luelo: Scott, would you like to go first?

Mr. Scott Jones: I can start.

There are a few areas in which I would say that SSC has changed its strategy to try to make it easier for departments. First of all, we have pre-positioned some infrastructure before what we call "workload migration", which is really about moving applications to modern data centres.

We did it on demand, and then it would take 18 months to build the infrastructure. We're working to pre-position infrastructure through our hosting services.

The second piece that is a challenge, I would say, is just how old some of these applications have become, so it becomes not just an upgrade but generational leaps of technology, so it's a very difficult skill set to build up.

Also, we need to look at how we build applications, in general, and how they get sustained funding.

I ran a number of applications in previous roles when I was with the cyber centre. We made sure we invested continually in upgrading those applications to keep them fresh.

Perhaps I'll turn it over to Catherine, from OCIO.

• (1135)

Ms. Catherine Luelo: I might contrast it with some of the differences I've noted from doing this in a number of private sector organizations. A fundamental lack of prioritization is getting in the way of progress. The numbers are staggering when you think about 38% healthy. The unhealthy number is high, and we can't tackle those at once. In prioritization, there are winners and losers, and we don't seem to have a comfort with stopping programs, or delaying them, to allow us to do the work that needs to happen on the higher-risk programs.

The other piece I would point to is that we are challenged with standardization. That's not a phenomenon unique to government, but it is, I think, amplified in government. It is much easier to keep on a modern path if you have standard protocols for doing things, yet everything is special around government in areas where frankly it shouldn't be—pay and HR being one of them.

Finally I would note that the CIO of Canada has accountability but very few levers that would be consistent with what I would have been used to in the private sector. Certainly, I am in the planning, but there is no central control around funding, dispensing of funds and prioritization that is consistent with what I've experienced outside government.

Thank you.

Ms. Jean Yip: While on the topic of funding, the 2016-20 Government of Canada information technology strategic plan stated that "Chronic under investment" to replace aging information technology systems had put "the government's ability to deliver...essential services to Canadians at risk".

Do you feel that a lack of sustainable funding prior to 2016 resulted in unnecessary and additional costs due to not having sufficient funding to meet SSC's needs and responsibilities?

That would be for you—

Mr. Scott Jones: It—

Ms. Catherine Luelo: I'm sorry. Is that a question for me or for Scott?

Ms. Jean Yip: Well, since Mr. Jones has already started, we'll have him continue.

Mr. Scott Jones: Thanks for that question, because it actually does go to some of it. For a number of years, SSC's funding was even insufficient to pay for the ongoing licensing and maintenance. In the last number of years, though, we have invested in what we call the "IT refresh and replacement program".

That renewed a tremendous amount of our infrastructure, so even if the application is old, the hardware underneath it and the supporting infrastructure network has been refreshed to modern standards, as modern as we can get with what the applications demand. We have been able to do that, but for the first six years or so, I would say, of Shared Services' attempts to consolidate, underfunding was a significant limitation for modernization, investment and building a new base infrastructure.

The Chair: Thank you.

That is your time, Ms. Yip. We can come back to others if there are comments.

[*Translation*]

Ms. Sinclair-Desgagné, the floor is yours for six minutes.

Ms. Nathalie Sinclair-Desgagné (Terrebonne, BQ): Thank you, Mr. Chair.

First, I would like to recall a saying that often guides my work and I hope also guides yours. The true measure of any society can be found in how it treats its most vulnerable members. The most vulnerable people in Canadian and Quebec society are people who are receiving old age security or people who are unemployed and receiving employment insurance benefits.

What we learn in the Auditor General's report is that the computer systems that support those payments, which are essential every month for the most vulnerable members of our society, are on the brink of collapsing. This is very disturbing. It is why we are happy to have you here today and get a little more explanation.

You have started to tell us about the problems. Now that you have got a picture of it, now that you pretty much know what the problems are, what is being done to fix them quickly? That is what I am interested in today.

One of the important figures that was mentioned in your report, Mr. Hayes, deals with the percentage target that the government has set itself: 60% by 2030, I believe. At the present pace, if things continue as they are, the government will only reach 45% of the target, in terms of the modernizing it thought it could do.

Mr. Hayes, do you stand by that figure?

• (1140)

Mr. Andrew Hayes: Yes, I stand by it.

Ms. Nathalie Sinclair-Desgagné: Would you have anything to add regarding the pace of the government's work to achieve its targets for modernizing IT systems?

Mr. Andrew Hayes: I do not have a lot to add.

I would say it is important to accelerate this modernization, because there are risks of system failures. One that I am thinking of is the benefit payment system. As you said, these systems are extremely important for Canadians. Almost everyone will use these programs at one time or another over their lifetime.

Ms. Nathalie Sinclair-Desgagné: I would now like to address Ms. Luélo, from Treasury Board Secretariat, who is participating in the meeting by videoconference.

Ms. Luélo, do you agree with the figures published in the Auditor General's Report 7 regarding the pace of IT systems modernization, which will not enable you to achieve your own objectives in that regard?

Ms. Catherine Luélo: That is a good question, Ms. Sinclair-Desgagné; thank you for that.

[English]

I would say that I absolutely agree with the conclusion of the Auditor General. I think about one of the pieces of language used in the report. I might just highlight that we really must focus on modernization and maybe be a little bit less ambitious around transformation. Those two words are very different but very important.

To your point, these are the most vulnerable population. We need to move as quickly as we possibly can to get off old infrastructure, old application, and on to new. I think the ESDC team is on a very good path there, but that requires us to adjust our expectations around what we talk about as transformation. Frankly, I think that's a very good decision. I think we build to allow for transformation in the future. Right now the focus has to be on retiring the technical debt.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Thank you.

So you are distinguishing between modernization and transformation. When you say we need to pick up the pace, what is Treasury Board going to do, in concrete terms? Right now, what we learn from the Auditor General's report is that Treasury Board does not have all the data from the departments for accelerating the process.

First, are you going to be getting that information from the departments?

Second, what strategy are you planning to put in place?

Third, what measures are you going to implement as part of that strategy so that it is put in place and contributes to accelerating the process?

[English]

Ms. Catherine Luélo: Those were three rapid-fire questions; I hope I get the answers to all three.

One, you are correct. We don't have all the information. We are putting in place a new system in 2024 that is going to assist with that. We have enough of the right information that we shouldn't wait until we get more fulsome information to go. That's message number one.

Message number two is from the modernization, transformation perspective. As part of the reviews we do—granted we do them on an subset of programs—benefits delivery modernization is one that we have spent a lot of time on. We are continuing to go in and do assurance activities with these programs to ensure that they are not getting too, I'll use the word “distracted”, around transformation and stay very focused on the tight scope of managing.

I think, from a broader sense, that we will be looking to provide dashboards to the different departments through 2024 that help them identify where they have specific issues and assists in putting together business cases to have those upgraded.

I would note, and I haven't had a chance to say it, that we spend about \$10 billion a year on technology. I'm not sure if this is about more money at this stage, because we have lack of staffing, and we have an inability to access the resources even externally. The talent pool is very light. This is about the right work done better versus doing more work.

[Translation]

The Chair: Thank you, Ms. Sinclair-Desgagné.

I will turn the floor over to the next speaker, Mr. Desjarlais.

[English]

You have the floor for six minutes, please.

• (1145)

Mr. Blake Desjarlais (Edmonton Griesbach, NDP): Thank you very much, Mr. Chair.

I want to thank the witnesses for being present. Although you are many, I hope we can keep up with the information that gets supplied today.

This committee is concerned. Earlier this week, we passed a motion.

It expressed:

decades of unchecked spending on outsourcing—which accelerated in 2006—has cost Canadians tens of billions of dollars while creating a shadow public service that works alongside the real public service—but without the same hiring practices or transparency requirements

If it's in relation to outsourcing in Canada, I think the Auditor General may be familiar with my position. For example, we heard, a few weeks ago, in relation to the National Capital Commission, remarks on the reality that, since 2018, they've had to take on private contracting to try to make up the huge deficits that have compounded within their ministry due to government underfunding of critical services. It's beginning to paint a picture for me. Audit after audit has begun. I begin to clearly see a continued pattern of outsourcing, which is ballooning the costs while also diminishing our public service.

I'll turn to recommendation 7.37 of the modernizing information systems audit.

It states:

In coordination with [SSC] and in consultation with departments and agencies, [TBS] should finalize and implement a comprehensive strategy for addressing the information technology modernization needs of departments and agencies. The strategy should

among other things

address the scarcity of personnel with the needed skills to support information technology modernization...

My question is for the deputy auditor general. How severe is the shortage of qualified personnel within the public service?

Mr. Andrew Hayes: I would start by saying that, in both of these reports, we identified the importance of skilled personnel to do the work needed. I think the reality of recruitment and retention challenges—it is a competitive marketplace for skilled IT professionals—means the government has to look creatively at how to retain and attract these people. Also, the government has to take a good, careful look at how it will train and upskill its current employees.

The importance of the recommendation you cited, 7.37, is that a strategy that is comprehensive and takes into consideration all of these factors is needed, at this point. It's long overdue.

Mr. Blake Desjarlais: Would you suggest that lacking the skilled public service required has a direct impact on the desire of these ministries to outsource?

Mr. Andrew Hayes: I would say there are certain circumstances where outsourcing is needed, for sure. For example, where it doesn't make "value for money" sense to have a particular skill set on staff 100% of the time throughout the year, it makes sense to outsource. Likewise, in situations of peak need, it makes sense to outsource.

What is important is that we don't lose the skill set of our public servants, and that we are able to account for the reasons why we are outsourcing.

Mr. Blake Desjarlais: ESDC has spent \$409.7 million on just four contracts alone. There was a further \$70.5 million contract with IBM, and another with PricewaterhouseCoopers valued at \$147 million. We're approaching \$1 billion. These are astronomical figures. They're immense, and they're heavy for Canadians. All this spending has led to the brutal findings of the Auditor General. They're warning of another Phoenix.

I mentioned earlier that outsourcing, both in the instances for the National Capital Commission that we heard about audits for... We've heard about audits for other instances, where outsourcing continues to run rampant. Phoenix is one of the largest fiascos we've seen in the history of Canada. We still have public servants today who don't even get their paycheques. You have to forgive me for being so concerned about the fact that IT specialists from outside government could be recommending systems that are now supposed to be in charge of things like CPP, employment insurance or old age security. These are extremely important programs that are valuable to Canadians. We're just going to gamble on it and get a similar result to Phoenix. I'm nervous about the risk these contracts take on for Canadians, both in price increases.... They're not serving Canadians. The difference between the public service and...is that the public service wants to serve Canadians. Their primary job is to serve Canadians. McKinsey's job is to make money for their shareholders.

How can Canadians get assurances that these programs aren't going to be gambled away, finding the same problems we found with Phoenix?

• (1150)

Mr. Paul Thompson: I very much appreciate the concern around the intricacy of this project and the risks associated with it. I can assure you that we have a very strong contingent of public servants working on this project under the leadership of Cliff and John.

The reality is, though, that we don't have all the expertise, as the deputy auditor general noted. All this expertise and experience does not reside within the public service.

If we look at the lessons learned from other jurisdictions as to how they implemented such projects, it's almost always with the help of experienced vendors that have actually executed these projects elsewhere. That's the kind of experience we're trying to tap into here with the project in Canada.

Mr. Blake Desjarlais: How much money do these guys make off the public service?

The Chair: Mr. Desjarlais, I'm afraid that is your time. We will come back to you shortly.

We're turning now to Mrs. Gray.

You have the floor again for five minutes.

Mrs. Tracy Gray: Thank you, Mr. Chair.

The deputy minister of ESDC had confirmed that the budget will now be greater than \$2.2 billion and you're working on developing what that new budget might be.

Can you just quickly let us know what that timeline is expected to be? When would that be completed?

Mr. Cliff Groen: As Deputy Minister Thompson indicated, we're currently working on that. We expect that will be completed within the next four to six months.

Mrs. Tracy Gray: Great. Thank you very much.

Once that new budget is developed, could that be tabled for this committee, please, whenever that timeline is met within the next four to six months?

Mr. Cliff Groen: Sure.

Mrs. Tracy Gray: I mean the detailed budget.

Thank you very much.

For 2023-24, approximately 500 public service workers are working on the benefits delivery modernization program.

Can someone confirm that for us here today?

Mr. Cliff Groen: I believe that number is correct. I have a table here.

Give me one moment. My apologies.

Mrs. Tracy Gray: Can you also confirm, whether it's yourself or someone else here, that approximately \$669 million has been given to contracts for outside consultants?

Mr. Cliff Groen: Actually, I found the table I was referring to.

In 2023-24, it's estimated that 965 public servants are working on the program. That's in this fiscal year.

Mrs. Tracy Gray: Thank you for updating us on that.

Can we also confirm, for the outside consultants, that there has been about \$669 million in contracts?

Mr. Cliff Groen: Since the start of the program in 2017, I believe that's consistent. I can validate that number.

Mrs. Tracy Gray: Great.

This looks like it's approximately 172 contracts that would be totalling that \$669 million.

Ms. Arianne Reza: I think it's approximately seven contracts.

Mrs. Tracy Gray: Okay.

Maybe there are overarching contracts. There are a number of vendors...like dozens of vendors.

Mr. Cliff Groen: As indicated in our comments earlier, we have four main system integrators, which are the vast majority of the contracts.

However, during the life of the program, since 2017, there have been lots of other, smaller dollar value contracts.

Mrs. Tracy Gray: There have been quite a number of contracts.

Were any of these contracts sole-sourced contracts?

Mr. Cliff Groen: All of the significant dollar value contracts over the \$40,000 sole-source limit have been competitively procured.

Mrs. Tracy Gray: You're saying that everything over \$40,000 was competitive, meaning it was advertised in Canada Gazette or somewhere else publicly and it went through a competitive process.

Mr. Cliff Groen: Again, I'll lean on my colleagues from Public Services and Procurement Canada—

Mrs. Tracy Gray: I'll take whoever can answer it.

Mr. Cliff Groen: We have leveraged national master standing offers that are determined through competitive processes, etc., to be able to advance the work.

Mrs. Tracy Gray: Great.

Could the advertisements for all of those individual contracts please be forwarded to this committee by January 19, 2024?

Surely a lot of those wouldn't still be open to the public. Could all of those please be forwarded to this committee?

Ms. Arianne Reza: I'll just add that we can certainly send PSPC's contracts, which are at a higher dollar value.

We will work together to see where they were advertised, for the ones that ESDC did under its own contracting authority and for Shared Services as well.

• (1155)

Mrs. Tracy Gray: Just to be clear, are you saying that any contract that is less than \$40,000 wouldn't be advertised publicly?

Ms. Arianne Reza: Yes. According to the contract regulations, contracts for under \$40,000 can be provided to a smaller competition. It doesn't necessarily have to be publicly advertised.

Mrs. Tracy Gray: Okay. That's not something that would go through a public competitive process; it would be something that would be potentially granted for whatever rationale would be better.

Ms. Arianne Reza: Most departments do it by inviting three bids, so there's a level of competitiveness, but it is not necessarily automatically put on the government tender site, which is CanadaBuys.

Mrs. Tracy Gray: Even if something is not on the government tender site, if there was a process where there were different vendors that went through a competitive process, perhaps we could please have tabled for this committee as well whatever the outreach was that would have led to those contracts.

Mr. Cliff Groen: We will provide whatever information we have regarding that value for you.

Mrs. Tracy Gray: Please do so by January 19, 2024.

In addition to that, could you please provide the metrics and scoring criteria that would have been utilized with this competitive process in order to determine who would receive those contracts?

Mr. Paul Thompson: Are you speaking to the large system integrator contract?

Mrs. Tracy Gray: I'm referring to any contracts that have been given for the benefits modernization program. If you are putting it out to public tender and it is not a sole-source contract, what were the metrics you used to determine who would get that contract—whether you have three people or whether you have a larger number, and regardless of what the dollar value was?

Ms. Arianne Reza: From a methodology perspective, we can provide the generic frames that were used. Obviously, the commercial confidence of which suppliers won and didn't win may be more commercially confidential.

Mrs. Tracy Gray: Please do so by January 19, 2024,

The Chair: Thank you, Mrs. Gray. That is your time.

I think that was all well understood, and, of course, our analysts are recording it as well.

Incidentally, just so you're aware, I did add 20 seconds to Mrs. Gray's time, because she left a lot on the table in her first round and wasn't familiar with the practice of this committee to allow the question to be answered in the time and for the answer to run over.

We have Ms. Bradford for five minutes, please.

Ms. Valerie Bradford (Kitchener South—Hespeler, Lib.): Thank you, Mr. Chair.

Thank you so much to our abundance of witnesses today. It's a cast of thousands. For those of you watching at home, we actually have 10 witnesses in the room and two on the screen. I think that speaks to the importance of the issues we're dealing with today.

These are two very important reports—modernizing information technology systems and benefits delivery modernization. As the Auditor General's report indicated, more than 10 million Canadians rely on these income-support programs: OAS, CPP and EI. Obviously, failure is not an option.

I have a couple of questions for Mr. Jones, first of all. Basically, I was wondering, given that failure is not an option, why was no action taken after the 2010 spring audit report from the Office of the Auditor General that indicated action needed to be taken. It seemed like not a lot happened after that, and it was clearly identified that something needed to happen. Do you have any insight as to why there was a bit of a non-response on that?

Mr. Scott Jones: Shared Services Canada actually didn't exist in 2010; we were created following those discussions, or we were in the process of being created. Upon the creation of Shared Services, we had insufficient funds to begin a full-scale modernization, so it was focused on three areas: one was an email transformation initiative; one was a networking transformation; and then the other one was to try to consolidate data centres, as was mentioned in the Auditor General's report. All of those did make progress, but slower than we would have liked due to lack of funding.

Ms. Valerie Bradford: Do you think if they had acted sooner, there would have been a cost saving to the Canadian taxpayer?

Mr. Scott Jones: I do think the lack of infrastructure and the lack of infrastructure spending and proactive spending did slow departments down, and it made it more difficult for them to modernize. However, we did need to dig ourselves a bit out of the hole we were in in terms of an infrastructure deficit and to rebuild lots of

pieces. There was significant progress made, particularly around networking, which is what the government cybersecurity relies on. The investments tended to go towards networking, cybersecurity, and the pieces that provided that kind of perimeter around the government to protect it, as the cyber-threat changed drastically from 2010 to today.

• (1200)

Ms. Valerie Bradford: You referred to “digital together” in your opening statement. I guess it's a prioritizing mechanism, because there are so many things, and we can't accomplish everything as quickly as we want to. Can you explain that to us, please?

Mr. Scott Jones: Absolutely.

“Digital together” is SSC's next strategy, following what we used to call “SSC 3.0”. It is about how we now start to fill in those gaps and be more proactive.

Our priority is obviously ongoing operations of government systems and whatever we need to do to maintain those operations. However, really it is investing in the hosting services branch, which Ms. Archibald leads, and asking how we deliver a new way of delivering, not just inside of our data centres but also all the way out to public cloud, and providing those options to our core departments that we provide services to.

Ms. Valerie Bradford: You also alluded to the impact of cybersecurity. What's the potential impact of AI on these types of projects? Can AI actually assist in generating better cost estimates and forecasted timelines? How are we dealing with these increased risks from AI?

Mr. Scott Jones: I'll start, and then maybe I'll turn to my colleague from the Treasury Board Secretariat, if that's okay.

AI is a huge opportunity for us, and we've started to see it being applied. We apply it, for example, on our access to information program, so that we can find information quickly and respond quickly. I think 99.6% was our rate last year for on-time responses at Shared Services.

We apply that throughout our technology stack. We can apply it to operations, looking for trends, etc. There's a huge benefit there.

The risk with cybersecurity is that AI can also be turned into how you breach a system, and then conversely, how you put AI in your defences.

We look to see where we can leverage it in terms of making ourselves more efficient, pushing our technology to where the state of the art in industry is heading, and then, of course, working with our cyber-partners around government.

Perhaps I could turn to my colleague, if that's okay.

Ms. Catherine Luelo: I think Scott described that very well.

I'll add maybe three points.

First is that the Treasury Board Secretariat's CIO office has published guidance around using AI, and specifically generative AI, as that emerges. I think we have some really good leading policy work in that space.

Second, it's a wonderful opportunity for us to actually decrease costs and be more effective in terms of automating predictive problems.

Third, I would say that built on a foundation of poor systems, poor data, you don't optimize your AI. It goes right back to the Auditor General's conclusion that we have lots of work to do there.

The Chair: Thank you.

[*Translation*]

Ms. Sinclair-Desgagné, the floor is yours for two and a half minutes.

Ms. Nathalie Sinclair-Desgagné: Thank you, Mr. Chair.

Ms. Luelo, you said you had to focus on certain mandates in particular, to modernize certain systems, and not spread your efforts around to try to transform everything. I understand that.

Do you think that is what was done in the case of IBM and the Phoenix pay system?

[*English*]

Ms. Catherine Luelo: I don't think it's okay that our staff are not paid properly. I don't think there's any deputy sitting in the room, or anybody in government, who thinks that where we are with pay is okay.

From an IBM perspective, I think it would be very easy to point the finger, but it was a multisystem failure in terms of Phoenix. It was governance. It was technology. Most importantly, it was a lack of standardization of business processes. We're still only half done on Phoenix. As we look forward on the pay file, we need to learn that lesson.

In my brief opening comments, I talked about the fact that if we do not exercise discipline on standardization, we're going to be having the same conversation in 10 years.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: Thank you.

What is the exact total cost of implementing the Phoenix pay system? As of April 2022, it was approximately \$2.6 billion, but I think the total cost is higher than that.

Do you have more recent figures?

• (1205)

[*English*]

Ms. Catherine Luelo: I will pass that to my—

[*Translation*]

Ms. Arianne Reza: If I may, I can answer that.

The cost comes to approximately \$3.6 billion to date.

Ms. Nathalie Sinclair-Desgagné: That means that the government has injected \$3.6 billion into that system. But just a few

months ago, the CBC told us that there were still 200,000 unresolved cases this year. We are right back where we were two years ago when it comes to the transactions backlog. That is disastrous, given the \$3.6 billion taken out of taxpayers' money. How do you explain that?

Who can answer that question?

[*English*]

Ms. Arianne Reza: Catherine, if you like, I can start it off and then turn to you.

Ms. Catherine Luelo: That would be perfect.

Ms. Arianne Reza: As you know, it's been seven long years of trying to find a way out of Phoenix. Obviously as we all know, paying public servants is key, and you noted that the backlog continues to be an area of risk. As Catherine noted, it is really about standardization. Phoenix started off as an IT technology change, but in reality it was a continuum from the business rules, the transformation rules and all the systems that fed into those. The HR systems that are individual in each department have stayed as is. We have to actually work across the continuum.

[*Translation*]

We do want to make sure that the measures and technological tools put in place by Treasury Board, in collaboration with the unions and departments, will enable employees to get paid. I would note that there are 108 departments and 46 different technological systems involved.

My colleague can tell you about Treasury Board strategy.

[*English*]

Catherine, I will turn it over to you.

The Chair: I'm afraid I will have to come back to that. I already added a minute to the time.

[*Translation*]

Ms. Sinclair-Desgagné, you will have another turn to ask your questions.

[*English*]

Mr. Desjarlais, you have the floor for two and a half minutes as well.

Mr. Blake Desjarlais: Thank you very much, Mr. Chair.

I want to continue on my question in regard to outsourcing and contracting in the public service. You just heard from the member from OCIO, Catherine, that we're not paying our staff enough, and I fully agree. That is leading to serious competition issues, such that it's much easier to work for IBM; it's much easier to work for McK-insey; it's much easier to work for these other companies that then hold the government hostage by saying it has to pay them because there's no one else to do this work because the government has failed to pay its employees properly or at least at a competitive rate.

I can't express how disappointed I am by that. It is a serious concern, and I hope that after today's meeting, you can supply us with written advice on how, maybe by the time you renew your strategy, you're actually going to implement wage increases or become more competitive. We're losing real taxpayer dollars to profit CEOs and boards. Those profits could be directly paying for the salaries and wages of technicians who could be doing this work.

I hope that's simple enough and could be understood enough so that you know how serious an issue this is, and I hope that members of the government will also be keen to address it. Of course it is not just the civil service that is dealing with these problems; it's likely a funding capacity issue due to long decades of non-spending on operations and maintenance, similar to what we've seen in many audits before.

How much profit are these seven contracts generating for those companies?

Mr. Cliff Groen: We indicated the value of the contracts that we cited earlier. On the BDM program, I would say the majority—

Mr. Blake Desjarlais: I'm curious about the profit that is being generated by these companies within these contracts. Do you have that information—yes or no? If you do not have information, I'd be happy to receive that in writing.

Mr. Cliff Groen: The contract value we have. I'm not sure what you're seeking in terms of specific profit.

Mr. Blake Desjarlais: How much did these companies make off the public service? I feel as though that's a simple question.

Ms. Arianne Reza: Thank you.

I could try to answer it.

• (1210)

Mr. Blake Desjarlais: They don't do it for free.

Ms. Arianne Reza: They do it on a competitive basis. When we compete as opposed to having a sole-sourced contract, the competitive price is set by the market.

Mr. Blake Desjarlais: Do they make money?

The Chair: Mr. Desjarlais, your time is up. I will allow an answer from Ms. Reza, but, Mr. Desjarlais, your time is up.

Go ahead.

Ms. Arianne Reza: There's a markup that's set that includes their overhead, their costs and their profit for providing that service to the Government of Canada.

Mr. Blake Desjarlais: What does that cost? What is that number?

The Chair: We will come back to you, Mr. Desjarlais, in the next round. We turn now to Mr. McCauley.

You have the floor for five minutes. Go ahead, please.

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

Witnesses, thanks for joining us.

Ms. Luelo, I'm disappointed to know that you are leaving such an important role.

Can you just quickly fill us in? You talked about modernization versus transformation. Could you just give some context regarding how that applies to the projects we're talking about today, the OAS, CPP and EI?

Ms. Catherine Luelo: Absolutely, and it's been a pleasure to serve in this role for almost two and a half years. Thank you. It's been an honour.

In terms of modernization and transformation, those absolutely apply to the projects we're talking about here. From a BDM perspective, part of the strategic assessment we did was to have them focus on their highest-risk program, OAS. They had moved it to the front of the queue. We de-scoped a number of things from what was called the BDM project to focus them on retiring the technical data of OAS, knowing that these were some of our most vulnerable Canadians. We are now seeing execution against that and are expecting positive results as we roll through to the end of next year. That platform they built is now going to allow them to do transformative things with the program over time, but that whole delineation, I think, has allowed them to get very focused and to deliver good results on this program.

Mr. Kelly McCauley: You mentioned as well a standardization deficit. Could you elaborate a bit more on that and how that applies. I sense a fair amount of frustration from some of the things you've talked about. Perhaps it's why you're leaving the public service. Could you expand more on that and on what we should be doing but are not doing? What are some of the roadblocks that have been put up in front of yourself and the changes that you've been trying to make?

Ms. Catherine Luelo: Yes, I think that is the million-dollar question around standardization. The tech is always something we should be cautious about, but it doesn't scare me as much business standardization does. Certainly, that's been an issue I've dealt with in large organizations.

Phoenix is a very good example of where the final product was to be one pay system and one HR system. We have one pay system. We have 30-plus HR systems still doing things independently. We continually announce new benefits and programs that are providing really important benefits, but they're bespoke, and they are individually required to be developed in these old systems. From my perspective—

Mr. Kelly McCauley: Let me interrupt you there. I understand what you're saying, but how should the government address this, then? I understand when you talk about bespoke programs, but going forward, if you were the queen of the world, how would you fix that so that we aren't ending up in this mess?

Ms. Catherine Luelo: I think there are a couple of things. The pay system gives us a good practical example of that: hold the government accountable; hold the public service accountable to getting to a common instance of HR and have leadership—

Mr. Kelly McCauley: I think we'll have peace in the Middle East before the public service is accountable for a lot of these things.

Besides being accountable, how would we address this? What should the government be doing? Should somebody be saying, "Stop right there. What is your fix? How will we integrate this program into our pay systems, our reimbursement systems, before we move ahead?"

Ms. Catherine Luelo: Yes, you've got it. There are two things. One is, I think, clear targets with consequences on standardization of pay, as an example. I would use that as a very specific example: By this date, get to one or two instances of HR.

I think the other one is that as government is defining new programs, they are wondering if they can do it in the system or if it is going to take them 18 months to code. I see examples of that every day.

Mr. Kelly McCauley: What should we be focusing on with this specific program? Are we on the right path with what you are talking about?

• (1215)

Ms. Catherine Luelo: If you're talking about benefits delivery modernization, there are a couple of things I'd focus on. With the model of having Cliff and John, two-in-a-box delivering, we should replicate that for pay, and we should replicate that for the immigration system. That style—

Mr. Kelly McCauley: Just quickly, have you provided any recommendations to anyone as part of your outgoing package that perhaps you could table with us?

Ms. Catherine Luelo: I will be providing recommendations to both the minister and the clerk, and I am happy to provide a subset of that to the committee.

Mr. Kelly McCauley: Thanks. I hope you're moving back to Edmonton.

Ms. Catherine Luelo: I'm in Calgary today. This is where I am.

The Chair: I have a question just so we can put it into our calendar. Is there a sense when we might receive that document, the recommendations you just referenced, that you would provide to us?

Ms. Catherine Luelo: Yes. I will be delivering that by the end of next week, so I have no difficulty providing it after that. What I will not provide is anything related to personal information on individuals, but I'm happy to provide the more general advice.

The Chair: That's super. Thank you very much. I didn't know if it was a few weeks or a few months, but that's very helpful.

I am turning now to Mr. Chen, who is joining us online. Thank you for that.

You have the floor for five minutes, please.

Mr. Shaun Chen (Scarborough North, Lib.): Thank you very much, Mr. Chair, and thank you to the witnesses for being here.

I just want to follow up on what Ms. Luelo said earlier about the office of the CIO having accountability, but not having central control of funding. Could you expand on that and explain further what you meant by that?

Ms. Catherine Luelo: This is probably one of my greatest irritants. One of the tools that I used to have as a CIO in the private sector was the ability to set the strategy and then actually control the funding. By controlling the funding, I'm not suggesting that they gave me x billions of dollars to dispense, but there was a level of control where there was a sign-off on technology work that went on right across multiple divisions of publicly traded organizations that I, as the CIO, had. That same level of oversight does not exist.

We are in a very vertical model for many good reasons, but these are horizontal problems, and we don't, in my opinion, have the right horizontal financial controls in place on technology investment. As such, we're spending x billions of dollars on thousands of things versus x billions of dollars on the few things that need to move fast, and the benefits delivery modernization program is an example. That's not just money; that's resources as well.

Mr. Shaun Chen: Thank you for that.

I want to move to Shared Services Canada.

From 2019 to 2023, departments and agencies that reported on the health of their IT systems did not assess close to 12% of their applications. Has Shared Services Canada considered ways to reduce this number?

Mr. Scott Jones: I think that, on the applications themselves, Catherine is actually in a better position to talk about that.

With regard to the infrastructure, we have been modernizing the underlying infrastructure, both the network server infrastructure in attempting to move as many as we can into modern, stable data centres.... However, the applications themselves are more.... That's actually one of the biggest challenges that we have at Shared Services. We simply don't control the applications. They are within departmental remit.

Ms. Catherine Luelo: What Mr. Jones is nicely not saying is the fact that the specialness of all of the applications drives complexity and cost into his business, which gets in the way of it being as efficient an infrastructure provider as it could be.

In terms of the 12%, you bet. We have 12% that we're not seeing, but we have a good appreciation of what the most critical services are, and that's outlined in the policy on government security. We know what those services are, and we know what those systems are. We feel like we have good visibility on the ones that will kick us in the butt—if I can use that term—but that doesn't mean that we don't pursue the other 12%, and we have to do better on that.

Mr. Shaun Chen: Help me understand further.

Earlier it was said that we're not dealing, in some cases, with just an upgrade. It was said that there are generational leaps in terms of the updates that need to be done.

Can Canadians feel confident in these systems if we are not providing the latest technology? We're dealing with information and data, and in this day and age, we know how important it is for Canadians to have their privacy protected. Can you comment further on this issue and challenge that is being faced?

• (1220)

Ms. Catherine Luelo: I'd be happy to.

The information of Canadians and the privacy of their information, the security of their information, is something top of mind for all of the deputies and ADMs who are sitting in the room. That is an accountability that I have within our office, and you'll see that, with the data breach that we've been working through with a third party provider, we've taken a very active role—perhaps when it wasn't ours to take—to protect our employees' information. That's at the core.

I think, as Scott outlined, there's been good investment in network and cybersecurity and in privacy protocols that really give us some comfort that we have both good protections and good response mechanisms with regard to that. I'm comfortable saying that I think we have the right things in play there. That doesn't mean that there's no risk. That means that we have some managed risk in that space.

In terms of the leap-frogging, that's a situation many organizations find themselves in, not just government. It's a huge opportunity to actually rethink business process and to move from old ways of doing things to new ways of doing things.

I think that Canadians should be concerned that we're on old infrastructure. I think that, in the programs where we need to be advancing that—like OAS, like EI, like our immigration system—we have the right practices in place there. They should feel comforted by the fact that we are starting to look at more modern technology, and part of that means standardizing, which ultimately is going to drive the cost line down if done well.

The Chair: Thank you. That is the time.

We're beginning our last round, which will involve six members asking questions.

Mr. Nater, you have the floor for five minutes, please.

Mr. John Nater (Perth—Wellington, CPC): Thank you, Mr. Chair.

Thank you to our witnesses. We have 12 witnesses in total. I'm sure there could be a joke made there about the complexity of government and perhaps the need to streamline in some areas, but I'll digress on that.

I may begin with Ms. Luelo.

Again, I echo the comments of wishing you well as you depart government for a return, I'm assuming, to the private sector. I want to touch a little bit on that, given your unique experience, and maybe use this as a bit of an exit interview with you as we go for-

ward—your experience in the private sector and then in government.

I'd like to follow up on a few answers that you've given so far about this concept of the specialness of government and where there seems to be a want or a need in government to see itself as unique or special—needing almost tailor-made solutions.

Could you elaborate a little bit on that? You mentioned in one of your responses that—and I'm paraphrasing—not everything needs to be special, in some cases. Could you elaborate a little bit on the idea that, if we were to take out some of the specialness, we might be able to be more effective in delivering services?

Ms. Catherine Luelo: It has been remarkable to be able to go between the private and public sectors. I hope every executive takes the opportunity to do this. I think it would make for a different discussion between government and the private sector. I think we need to send government folks out into industry. I think it's a very rich experience. The U.S. likely does a better job of that than we do.

The big similarity is that the people are completely committed. The people I get to work with and support every day in tech in government are awesome. They work very hard. The specialness drives the complexity.

To very directly answer your question, why do we need 33 different HR systems? Recruitment is recruitment and development is development. That is consistent. Certainly, we have collective agreements that are different. I am not dismissing that. But in terms of the basics of HR, we have not had the discipline to get to a common approach to HR, regardless of the collective agreement complexities.

The biggest difference I would note—I ran into this at Enbridge and at Air Canada—is that there is a severity of consequence if you do not standardize in the private sector that does not exist in government. What I mean by that is that getting into an enterprise approach, when that is what has been decided by the board and the CEO, there is only one consequence if you choose not to get on board with that plan. It's a meritocracy in a way that's a little bit different from what I've experienced.

Now, the consensus-based, collegial-based complexity of government lends itself to having a bit of a different discussion around things, but I think there is room for improvement there to perhaps have a little bit more of that “edgeness”, for lack of a better word, for not complying with enterprise. That includes both public service...but as we actually build and make government policy as well.

• (1225)

Mr. John Nater: Thank you for that. That gives us a lot to think about.

Following up, as you reflect on your two and a half years in government and your role as CIO, I'd be curious to know what you saw as your biggest frustration in your time in this position, specifically in terms of getting things done or frustration in terms of achieving a desired outcome. What would you recommend to your successor in terms of what they might want to see done in that position?

Ms. Catherine Luelo: I don't know if this is going to be a new practice in committee to do exit interviews with deputies, but I welcome the opportunity to share my thoughts here.

Look, this discussion here today, and my last appearance at ETHI, is a good example of probably one of my greatest frustrations. It's not about the public forum. It's not about the questions. I would observe that even within the public service, I'm used to being in meetings—talking about delivery velocity, talking about budgets, talking about change management, talking about adoption, talking about “the doing”. I find that we spend more time talking about what we might do versus actually talking about how we're doing it and the results. In my opinion, that needs to change.

Mr. John Nater: Thank you for that.

I wish you well going forward.

The Chair: Thank you very much.

I will turn now to Ms. Khalid.

You have the floor for five minutes, please.

Ms. Iqra Khalid (Mississauga—Erin Mills, Lib.): Thank you very much, Chair.

Thank you to the witnesses for appearing today.

I'll start with you, Mr. Groen. Can you help us understand why BDM was not initiated sooner?

Mr. Cliff Groen: BDM first entered the planning stage back in 2017. As was referenced, in 2010 there was an Auditor General report identifying the need to address critical infrastructure issues, including the programs that support the delivery of the core statutory benefit programs. There was an initiative to replace the old age security system, launched back in the early 2010s. Unfortunately, that project was not successful. That's why we're now with BDM. It's been since 2017 that we've embarked on the planning stage and now into the actual execution stage for benefits delivery modernization.

Ms. Iqra Khalid: What flags were raised on this by the OAG and officials back in 2010?

Mr. Cliff Groen: I have read that report, but it's been a while since I have. Essentially, it was flagging...and it was not a new phenomenon. It was not new in 2010. It was recognizing that there had been many years of underinvestment in information technology and that we were not making the needed investments in order to maintain the systems on an as-needed basis. It raised concerns about critical risks or failure. That was a big concern.

I can say that for the old age security, employment insurance and Canada pension plan systems, over the last five years we have made lots of investments on stabilizing the systems to ensure a minimizing of the risk of system failure. I want to assure Canadians who are listening to this session that through the emergency man-

agement processes we've put in place, if there were any technical issues with any of those core programs, we have a disaster recovery process in place. We're very confident that it would not impact the delivery of the benefits, which is absolutely critical to all Canadians.

Ms. Iqra Khalid: If we had spent the money back in 2010, would we have had to spend less money? Would we not have had to deal with all of these issues that are ongoing now had we invested a little earlier?

Mr. Cliff Groen: What I would say is that there is an inherent need for continued investment and maintaining the systems that deliver very complex programs across all of the Government of Canada. If we had made these investments and we were no longer on a 60-year-old system for old age security, we would not be seeing the costs that we have right now to deliver benefits delivery modernization.

However, there is and always will be a need to maintain these systems. Having secure ongoing investment is critical for today, and that will be the case 10 years from now as well.

Ms. Iqra Khalid: Just to clarify, you stated that the 2010 report stated that these systems were at risk of failure. To be clear, no action was taken by the government of the day at that time.

Mr. Cliff Groen: There were different initiatives that had been taking place since 2010 to address different IT risks and issues. The replacement of the applications that run the old age security, EI and CPP system are being driven now through the decision in 2017 to proceed. However, there were other initiatives since 2010, for sure.

• (1230)

Ms. Iqra Khalid: Thank you.

Mr. Jones, as we're implementing all of these measures, how much do rising threats to security through hacking and through emerging technologies impact the cost of implementing a lot of these programs? How do you deal with these changing technologies to deal with how these programs are getting implemented?

Mr. Scott Jones: That's actually a large question to answer.

I think there are two broad levels of things that we do. One is the infrastructure security piece, and that's where the investment in Shared Services paid dividends. When it was created, that wasn't the plan. The plan was to figure out how to consolidate infrastructure and save costs. What it did was give us a platform to build very strong cybersecurity and kind of ring the government with defences. Those are continuously augmented. We invest, constantly upgrade and keep up with modern technology. SSC provides the best available infrastructure-level modern technology, and then we have our partners at the Communications Security Establishment on top of that.

Then we turn to our partners in the departments, where we look at things like fraud, abuse of the systems, social engineering, etc., and try to provide them with the skills they need or the services they need, but to augment that part, which is a very hard problem as well, and a different set of cybersecurity problems. The investment is continuous and changes constantly. We are constantly upgrading. It requires that continuous investment just because the threat environment is incredibly fast paced.

Ms. Catherine Luelo: This is one, if I could add to that, where we really do play as a team on cybersecurity. We have just published the enterprise-wide government cybersecurity plan, which really outlines how all the different departments work together. It includes an operations model that goes along with it—that next level of detail. That's one thing I would highlight that I think we're well orchestrated on.

The Chair: Okay. Thank you.

[Translation]

Ms. Sinclair-Desgagné, the floor is yours for two and a half minutes.

Ms. Nathalie Sinclair-Desgagné: Thank you, Mr. Chair.

Ms. Luelo, we have to avoid investing more billions of dollars in the Phoenix pay system. I think you had a comment to add about the strategy adopted and the next steps.

I would also like to ask you another question. What has the government learned from the setbacks that have beset the Phoenix system?

How can you make sure, for example by signing a better contract, that the product will generate a return?

It is important that taxpayers feel their money is being used to acquire something useful.

[English]

Ms. Catherine Luelo: Maybe I will start off on the question around strategy and spend control. I think it is a more structured prioritization of work that will include, in my opinion, turning some things off on the pay side of things. I really do believe that we need to have a new operating model for how we're going to run HR in the government. It now continues to be very decentralized, including the operations of systems. We need to evaluate that coming in centrally.

I think that from a Phoenix perspective in terms of lessons learned I may pass this on to my ESDC colleagues around BDM, but we took many of the things from the Goss Gilroy report and pointed to them as part of this strategic assessment we did to support BDM. I'm pleased to see that many of those things have been implemented. It's a good example of where we have taken past things that have not gone well and we are applying them into programs to allow them to go better.

Perhaps I'll pass this on to my colleagues.

[Translation]

Mr. Cliff Groen: Thank you.

How can we make sure that Canadians receiving old age security do not suffer the same problems as we had with Phoenix? That is a question I am asked once a week. We have taken a number of steps in this regard.

First, we have put a new governance structure in place to meet the challenge associated with the overall oversight of the benefits delivery modernization program. Employment and Social Development Canada is managing the project, but we are not alone. Senior officials at Treasury Board Secretariat, Supply and Services Canada and Shared Services Canada are working together to provide overall oversight of the program.

Second, we are not counting on the anticipated efficiency gains before they have been achieved. That was one of the big problems in the case of the Phoenix pay system. We had changed the staffing levels for processing applications based on our projections. Then we did not have enough employees to process the applications. We will not be doing that for the benefits delivery modernization program. We are going to make sure that we always have enough employees to process the applications.

Third, we have implemented a process for bringing the system online gradually rather than doing it for all clients at the same time. As Mr. Thompson said, 600,000 client files have already been onboarded to the new system in the initial operation. It is working well at present.

And last, we have also put a pilot project in place to test all of the new system's processes before deploying it for new clients.

This means that we have learned lessons from the experience involved with the Phoenix system in order to avoid reproducing the same failures in the case of the benefits delivery modernization program.

• (1235)

The Chair: Thank you.

[English]

Mr. Desjarlais, you have the floor for two and a half minutes.

Mr. Blake Desjarlais: Thank you very much.

I want to thank Ms. Luelo for her service and advice today. I think it's important advice. I hope to include many of her comments within our final report. If she can table any recommendations and information related to the recommendations, that would be very helpful.

I want to follow up on two questions. I'll start with the question I ended on the last time with regard to the profits of the companies IBM, PricewaterhouseCoopers, Accenture, CGI Information Systems, Deloitte and Fujitsu Consulting. They're all contracts that are currently in operation, I understand, and they're contracts that generate profit for their shareholders. For Canadians to understand the risk that these face, it's important that we have transparency on what kinds of profits these companies making off public services.

Again, I will ask—and this is for the final time—what are the profits of these companies? I only want the numbers. If you don't have them, will you supply them to this committee please?

Ms. Arianne Reza: I think this has been studied many times in terms of procurement. When a procurement is competitive, the market—

Mr. Blake Desjarlais: You don't have a number then.

Ms. Arianne Reza: We don't collect the numbers, because we go by the methodology of the price, and it's competitive.

Mr. Blake Desjarlais: You're not sure.

Ms. Arianne Reza: Price is looked at in terms of the contract award, as well as the technical piece. It is not separated out when it's a competitive contract by what is a markup and what is not a markup.

Mr. Blake Desjarlais: Canadians need to know for fairness and transparency. I've given you the opportunity to explain that.

How much, even as a percentage, are they making off these contracts for their shareholders? These are private companies. Their job isn't to do the work of the public service and get the best outcome for Canadians. Their job is to generate profits for their boards.

I want to know how much money these board members are making. I see Mr. Ostrander flinched at that, because he seems to be upset. Maybe he'll have an opportunity to answer that question.

How much money are they making?

Ms. Arianne Reza: Before I turn the floor over, I'll just note that all of the contract award values are proactively disclosed, and that is the amount we work from on a competitive basis.

The Chair: Mr. Desjarlais, you have one more crack at it.

Mr. Blake Desjarlais: How much money is in these contracts that goes to profits of these boards?

Mr. John Ostrander (Technical Lead, Benefits Delivery Modernization, Department of Employment and Social Development): The only way to find the answer to that question is to look at the annual reports of those companies where you will see their consolidated profits. That will represent all of the business they do in all the jurisdictions they do it in.

However, it would be very unusual for a private firm like IBM, Accenture or Deloitte to disclose their profit on a contract basis.

The Chair: Thank you.

Mr. McCauley, you have the floor for five minutes.

• (1240)

Mr. Kelly McCauley: Thanks.

Ms. Luelo, I think you're the only one here from TBS. In June 2022, we had an Order Paper question come back saying that Treasury Board spent \$214,000 for the benefits delivery review.

Who did we pay that money to? Was that for internal costs, or was that for an outside contractor?

Ms. Catherine Luelo: It was a combination of both. We used a firm to help with some of the analysis.

Mr. Kelly McCauley: What was the firm?

Ms. Catherine Luelo: It was BDO.

Most of that work was actually powered by my office, though. Just to be clear, we wrote the final report.

Mr. Kelly McCauley: To PSPC, I note that Deloitte was given a contract as part of this system's integration.

Deloitte was banned by CBSA from bidding on the ArriveCAN app, because of problems with its assessment and revenue management initiative, so how can it be banned by CBSA, but given contracts for this important program?

Ms. Arianne Reza: Deloitte was not banned from its work at CBSA.

Mr. Kelly McCauley: Very clearly, we were told in the operations committee, as part of the ArriveCAN study, that GC Strategies was given a sole-source contract, because Deloitte was banned.

This gets to my next issue. This comes out of a time when our friend, Mr. John Ossowski, who was head of CBSA, did this. Mr. Ossowski is now managing director of PwC, which is heavily involved in this program, as well.

Do you have any concerns of this issue going around? We have CBSA testifying that it banned Deloitte, and gave a sole-source contract to GC Strategies. The gentleman involved, who actually lied in committee about another thing left to GC Strategies, is now the managing director of PwC, which has its hooks into the government for this program.

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): I have a point of order.

I am questioning the relevance of this line of questioning with the witness.

The Chair: That's not a point of order, Mrs. Shanahan, but it's an intriguing question.

I'll turn it back to Mr. McCauley.

You have two minutes and 40 seconds left.

Mr. Kelly McCauley: Are there concerns about PwC linked to this very important project?

Again, how did Deloitte get involved when it was banned from bidding on the ArriveCAN, because of how it messed up the assessment and revenue management initiative?

Ms. Arianne Reza: Again, I want to confirm and clarify that Deloitte was not banned from any work. We have a vendor performance management policy. It was not banned from any work—

Mr. Kelly McCauley: Who is lying, then? We heard very clearly at the operations committee—

The Chair: Mr. McCauley, I'm going to ask you to tone down the language. We have witnesses here.

Mr. Kelly McCauley: I didn't hear a point of order.

The Chair: No. You're hearing it from me, Mr. McCauley.

Mr. McCauley, I have the floor, not you.

We have witnesses here. I don't want allegations of anyone lying. We're getting some good testimony.

Mr. Kelly McCauley: I will rephrase it, if you'll allow me.

The Chair: Thank you.

That is what I am asking.

Mr. Kelly McCauley: Who is not providing fulsome information, then? We heard very clearly in testimony—and I can send you the blues, if you wish, from the operations committee—that GC Strategies was given a sole-source contract, because the other company considered Deloitte was put in the penalty box, and not allowed to bid. This was right from CBSA.

The gentleman with CBSA is now managing director of PwC, which has its hooks into the government on this program. We have Deloitte, which got bumped from bidding on a project by CBSA, that has its hooks in the government for this program.

Do you understand my concern?

Ms. Arianne Reza: Yes, I actually do understand your concern, because obviously there's an ecosystem of vendors and government out there. PwC and Deloitte—all the ones in the BDM—have competed for the work.

Mr. Kelly McCauley: Are you aware of our concerns?

Do you see the circle here of all these people involved?

Ms. Arianne Reza: As I noted, there's an ecosystem.

Let me go back to the CBSA perspective. We don't know the penalty box. We've checked our vendor performance. We have nothing that would indicate that Deloitte is in there. That's to the first question.

As it relates to PwC, this contract has been in place, I believe, since 2019. It was competitively led. There was no direct involvement or nexus.

● (1245)

Mr. Kelly McCauley: Do the departments not talk? Do you not watch what comes out of OGGO? Does your staff not watch what comes out of the operations committee when we're talking about IT issues?

That's open to anyone here. There were very big allegations made.

Ms. Arianne Reza: Thank you very much.

On that observation, I'd like to note that we have been taking a very active, aggressive stance in terms of our procurement of IT consulting.

Mr. Kelly McCauley: Could you maybe get back to the committee about Deloitte? Could you follow up with CBSA and let the committee know why they made those comments about Deloitte?

The Chair: I see that as an affirmative answer, yes.

Thank you very much. That is your time, Mr. McCauley.

We'll look for that response as best you can.... We appreciate it.

We are turning now to our last member.

Mrs. Shanahan, you have the floor for five minutes, please.

Mrs. Brenda Shanahan: Thank you, Chair.

I thank you for intervening earlier, because I would like to remind those watching this committee that this is the public accounts committee; it's not government operations. Mr. McCauley knows that, being the chair of the government operations committee.

I would like to give this opportunity now to Ms. Reza, if there's any further clarification she would like to make. I think Ms. Luelo wanted to intervene there as well.

The Chair: Ms. Luelo, why don't you begin, if that's all right?

Ms. Catherine Luelo: Yes. Thank you.

My point may not be relevant, but given that we've talked a lot about contracting and outsourcing in firms, there are a couple things I'd like to leave you with, given I'm moving out of the public service.

One is that there is no world where we're going to do this modernization without using third party help—we just will not. The volume of work, the labour intensity that it requires, and the fact, which was well pointed out, that we have difficulty bringing people into government with speed are all going to play into our using third party firms.

We've launched a digital talent strategy this year to attract.... We have an indigenous apprenticeship program that we're launching. There are some leading things that are going on in government. That's thing one.

Thing two is that I think in every firm I've ever worked in, I've fired every one of the firms, because they've not performed on a specific project. You name the firm—IBM, Deloitte, Accenture, EY.

In order for large organizations to maintain integrity of competitiveness and to get the best talent available, you need to be able to take the lessons from those bad projects, apply them into the new projects, make sure there are consequences in contracts—which I believe our procurement team does—then move on and demand better work for them. Having bad feelings around firms, because they have failed.... By the way, the Government of Canada is the consistency in all of these relationships, so we also need to put a mirror on ourselves in terms of how we work with partners.

I just wanted to make sure I shared that whole perspective. Thank you for giving me the opportunity to do that.

Mrs. Brenda Shanahan: Thank you very much.

I think that shows the importance of the balance between the private and public sector.

At the same time, I remember sitting in this committee in 2015-16 looking at the Phoenix report from the Auditor General, which talked about the failings of the Phoenix program at that point.

We heard from the current Leader of the Opposition, who was sitting in that committee—who had been, I believe, the ESDC minister in the previous Harper government—that the firing of 700 public servants, who were experts in the HR systems in their field, was a savings. That was a savings to the implementation of the Phoenix system. That was what we heard then, and of course we see the results today.

I understand that we have continued to work—

Mr. Kelly McCauley: I have a point of order, Mr. Chair.

I'll intervene to repay the favour.

I was actually at that meeting, and I will note that those terminations happened after the Liberal government took over.

The Chair: That's not a point of order, Mr. McCauley. Thank you very much.

Mrs. Shanahan, you have about a minute and 30 seconds left.

• (1250)

Mrs. Brenda Shanahan: Thank you very much, Mr. Chair.

Dealing with current day, we have the benefits modernization program going on at this time. Is the BDM going to be another Phoenix scenario? How can we ensure the issues plaguing the public service pay system are not repeated in the benefits delivery modernization?

Mr. Groen.

Mr. Cliff Groen: Certainly, we have derived and are continuing to derive lessons learned from what was experienced with Phoenix, and we have reviewed the different reports that have been prepared.

I'll reiterate a couple of the key elements.

First, we recognize that the success or failure of the BDM does not solely rest on ESDC. It is a cross-Government of Canada responsibility, which is why we put in strengthened governance in which deputy minister colleagues participate on a monthly basis and in which we review the status of the program to make sure that it remains on track.

Second is dedicated senior-level leadership. I'm an associate deputy minister, and my sole remit is accountability for the benefits delivery modernization program. I come with decades of experience in delivering government programs. My partner—the technical lead, John Ostrander—comes with over 40 years of experience in leading major transformation technology programs.

Third, we have implemented multiple releases to ensure that, when we go live, we will be successful and that if something happens with the release, we're able to roll back.

The last piece is that we know we will be more efficient once we implement the new programs, but we're not counting ahead of time what the savings and efficiencies might be.

Mrs. Brenda Shanahan: Well, I thank you for that.

I note, Mr. Chair, that it, indeed, was former prime minister Harper who ordered that those public servants be laid off, given early retirement—

The Chair: Thank you.

The time has elapsed. We'll end the sparring now.

I appreciate everyone coming in today. Thank you. This was a large group of witnesses, but everyone handled themselves very well.

I'm going to excuse the witnesses now. Thank you.

I'm going to suspend this meeting, and we'll come back in camera very quickly. If you don't have business in the in camera meeting, please excuse yourself and leave the room.

I'm going to suspend.

[Proceedings continue in camera]

• (1250)

(Pause)

• (1315)

[Public proceedings resume]

• (1320)

The Chair: We're now in the public domain.

There was a motion brought forward by Mrs. Shanahan. You should all have copies now in both official languages.

I'm afraid I have to rule this out of order on the appropriate and well-understood fact that this motion, for the most part, is directed at—

Yes, go ahead.

Mr. Blake Desjarlais: I'm sorry, Mr. Chair.

I understand we just moved into public. For the importance of record-keeping, can you please read the motion in its totality, then issue your ruling?

The Chair: I'll have the clerk read the motion.

The Clerk of the Committee (Mr. Cédric Taquet): The motion reads as follows.

Whereas, the Alberta Energy Regulator failed to contain a tailing pond seepage while waiting 7 months for a geochemistry study to be completed,

whereas, the Alberta Energy Regulator previously claimed that there was no contaminants found in the waterways when in fact Imperial staff told ACFN inspectors that dissolved iron was found in waterbody 3, and on April 3, 2023 that a test showed F2 hydrocarbons and naphthenic acids in waterbody.

That the committee express its disappointment with the Alberta Energy Regulator and acknowledge that the Alberta Energy Regulator has been deficient in protecting the environment and health of communities adjacent to tailing ponds that it regulates;

that in relation to the Follow-up Study on Report 3: Access to Safe Drinking Water in First Nations Communities—Indigenous Services Canada, of the 2021 Reports 1 to 5 of the Auditor General of Canada, and following the evidence provided by witnesses at the Standing Committee on Environment and Sustainable Development regarding the toxic leak of tailing ponds and ongoing deficiencies in protecting the health and safety of Indigenous communities at risk, the committee:

1. Call on the Alberta Energy Regulator and the Government of Alberta to work with companies that operate tailing ponds and the federal government to conduct a study to assess the impacts of tailing ponds on human health,
2. Call on the Alberta Energy Regulator to require operators of tailing ponds to increase monitoring of adjacent drinking water sources,
3. Call on the Alberta Energy Regulator to conduct a geotechnical audit of all tailings limits,
4. Call on the Alberta Energy Regulator to require operators of tailing ponds to halt the release of tailings into waterways,
5. Request that the Office of the Auditor General, through the Commissioner of the Environment and Sustainable Development, conduct an audit of environmental protections around Canada's waterbodies, especially those on Indigenous lands.

The Chair: Thank you.

There are three issues with this motion. One, Alberta has a Parliament. Two, on investigating and instructing a provincial government, Alberta has its own audit office. Three, the federal government and Parliament have no ability to instruct the Alberta government or the Alberta Energy Regulator to do anything.

To me, this is a very moot point. You are certainly welcome to work with the clerk and come back to this committee with language that is more in the federal sphere, and in this committee's sphere. That is my decision.

Yes, go ahead, Ms. Khalid.

• (1325)

Ms. Iqra Khalid: Mr. Chair, I'd like to challenge your ruling.

The Chair: That is a non-debatable motion.

(Ruling of the chair overturned: nays 7; yeas 3)

The Chair: The motion, then, is before the committee.

Yes, go ahead, Mrs. Shanahan.

Mrs. Brenda Shanahan: Thank you very much, Chair.

Thank you very much to everyone for understanding how important this motion is for our committee. I must say I have welcomed in previous sessions of this committee opening up and reviewing environmental reports from the commissioner of the environment and sustainable development to, of course, report to the federal Auditor General of Canada on a wide range of issues. Indeed, we have some of those studies ongoing as well. We have also taken the initiative in this committee to make recommendations that I might

have said in a previous session of the public accounts committee were not necessarily appropriate.

However, I have come to really appreciate the work—and I'm talking now to all members of the opposition—that has been done in bringing forward some of the critical elements, because the federal government does not work alone. We are in a federation of provinces and territories, and when we are talking about clean water on indigenous lands, we are talking about a federal responsibility, and it is one that we take with great seriousness.

This is why I was very happy to bring forward this motion, and I am very pleased that we are here, debating it now, so we can continue.

The Chair: Thank you.

Please go ahead, Mr. McCauley.

Mr. Kelly McCauley: Thanks, Chair.

There are a couple of things about this that quite surprised me.

First of all, number five requests that the commissioner of the environment conduct an audit. That's wonderful. I would say please, 100%, they should go ahead with that. I have a lot of time for the commissioner of the environment and for the AG. The work that they do is very straightforward.

I have to say I'm not surprised. I have sat in this committee and heard again and again from the Liberal side that we shouldn't be doing the work that other committees are doing. This is almost identical, word for word, to a motion that's been dropped in the environment committee.

I'm shocked, but not surprised. We have been lectured by the Liberals about how public accounts is a committee built on consensus and not a political one. This is clearly one geared toward attacking the province of Alberta. I have nothing to say to defend the Alberta Energy Regulator. If the report should be done, then we should open and expand it entirely for the environment commissioner to go at it 100%.

I don't think it's the role of this committee to be criticizing, attacking or calling out provincial regulators. I'm sure there are lots, whether it's the city of Montreal dumping raw sewage, or the city of Victoria. This committee doesn't attack those or study those things.

It is unfortunate, but not surprising, that the government is playing this game.

Again, on recommendation number five...full on. If they want to do it, I'd love to see more reports from the environment side of the Auditor General, and certainly addressing the issue of clean drinking water.

The Macdonald-Laurier Institute put out an amazing report on the issue, and I think Mr. Desjarlais read it. There are a lot of pragmatic things, and maybe we'll get some pragmatic answers out of it. If the energy regulator has dropped the ball, 100%, we should address that.

Maybe in the end, having number five done.... How it has come about is very disappointing. I can imagine committees now attacking Alberta, perhaps now attacking Quebec on Bill 21 or attacking B.C. on this. For us to devolve into such pettiness is, I think, unfortunate.

The numbers are obviously here to support this motion. I think it's, again, number five and having that study. Maybe we should talk about having the recommendation expand this study for other provinces or other issues around it, not just the one, because I'm sure there are more safe drinking water issues than just the Alberta issue. Maybe it should be—

• (1330)

Mr. Blake Desjarlais: You have the time.

Mr. Kelly McCauley: Oh, no, I'm not looking at that because I'm sure we're going to continue.

I'm just saying, maybe it should be extended.

I'll wrap up quickly. This is not about time, I'm not trying to kill the clock, but maybe it should be extended and not just look at that specific one.

I've said my piece. I'm disappointed in colleagues around the table, but I'm very happy to direct the environmental side of the AG's office to expand any audits they wish on this topic. I'll support that part at least.

The Chair: Mr. Desjarlais.

Mr. Blake Desjarlais: Thank you, Mr. Chair.

I think this is an issue that requires careful consideration as to the principles of cooperative federalism in Canada. It's important, and it's been ruled in many Supreme Court cases in the past, when it relates to first nations issues in particular. I can go back to the 2016 court decision in *Daniels v. Canada*, even before that, for the purpose of my discussion,

The 1939 Supreme Court reference case around the inclusion of "Eskimo in habitants of the Province of Quebec" makes it clear that when provincial entities, particularly the regulators of natural resources, come into conflict with federal jurisdiction, particularly in relation to their constitutional obligation to protect indigenous peoples under section 35, it is the honour of the Crown that is united both provincially and federally to the relations of first nations people.

It is well defined in common law in Canada, that when it relates to first nations issues, the honour of the Crown, which is indivisible....

We serve one Crown, both the provinces and the federal government. It is not that first nations people live under the provinces' jurisdiction; they don't even live under the federal government's jurisdiction. They live separate and distinct by way of treaty with the Crown.

This means that in instances where the Crown has acted dishonourably, in particular relating to the Athabaska Chipewyan First Nation's assertion that the Alberta government has breached its legal fiduciary and consultative duties to these lands, it also would seek the protection of the federal government, with which it signed a treaty, for the very same.

We have to be cognizant that in relation to first nations issues, the Crown is indivisible, meaning you can't rule something out of order or out of jurisdiction because it's a provincial entity in direct relation to first nations issues. It is a commitment to all of us, all people, that we ensure that the treaty obligations of these nations are upheld.

That includes and is not limited to the Province of Alberta and the Alberta Energy Regulator. I see no problem enacting my duty as a member of Parliament to protect the constitutional rights of first nations peoples in Alberta under section 35 of our Constitution, which binds both the provinces and the federal government to the protective orders and protective status of the lands on which first nations people live and, most particularly, the waters that they drink.

Therefore, it is not out of order, in my perspective, that the Alberta Energy Regulator be held to account by the federal government as a measure of protection for first nations people and as a protection of their constitutional rights under section 35.

The alternative, or the suggestion of the alternative, would mean that first nations should not be able to find or hold accountable the AER, especially if it is directly impacting their rights, which I fundamentally disagree with. I fundamentally assert that this has been dealt with in case law many times before. As a matter of fact, the AER very often has to respond to federal jurisdiction and federal legislation. We saw that with the recent CEPA legislation, for example. The AER had to change its own regulations because of it.

These things don't exist in a vacuum. It's important that Alberta be held accountable for its breaches of aboriginal rights, and it's up to us, as federal parliamentarians, to uphold our obligations under subsection 91(24) of the 1982 Constitution Act, which is to ensure that indigenous—or in the words of the constitution, "Indians, and Lands reserved for the Indians"—are hereby protected.

It's well within our scope as a federal legislature to ensure that the honour of the Crown is upheld. Even if they're provincial institutions, it is still our constitutional obligation under section 35 to protect these rights and to ensure that those persons who would breach those rights are held to full account.

Therefore, I disagree with your ruling, Mr. Chair, and I would suggest that you revisit this with a common understanding of the law in relation to first nations issues, and have the law clerk maybe review that judgment in relation to that.

● (1335)

The Chair: This has been dealt with. I made my ruling. I believe it's out of order. The committee has overruled me so that stands now, but this Parliament does not get to tell the Alberta government what to do. In fact, two recent court cases demonstrate—

Ms. Iqra Khalid: I have a point of order, Chair.

The Chair: No, I'm responding to him as the chair.

Your point was moot. You've already established that this committee is going to look at it.

My point is that this Parliament does not get to instruct Alberta on what to do. You have provincial counterparts who do that in the Alberta legislature. To reinforce my point, there are two recent—

Ms. Iqra Khalid: Chair, you just said that you already did rule.

The Chair:—court cases that demonstrate that. When the federal government intrudes into provincial jurisdictions, the courts rule it out of order. I'm not taking issue with what you're talking about in terms of the whole-of-country approach toward dealing with native issues. My point was that this motion is instructing the province to do something. We don't have the authority to do that. It would be like saying we're going to put a man on the moon as well.

Mr. Blake Desjarlais: A man on the moon...?

The Chair: We're making an instruction that we have no ability to enforce.

Having said that, the committee has ruled to overrule my decision, as is its right, but there's no point debating that, Mr. Desjarlais. It is being discussed. There's nothing to take back to the clerk. There's nothing for me to take back. I am the servant of this committee, and this is where the motion stands. We're now debating it, and I have a list of witnesses.

If you're done, I'll go to the next one.

Mr. Blake Desjarlais: I'd like to respond.

The Chair: No. I'm going to put—

Mr. Blake Desjarlais: I have a point of order.

The Chair: I'll put you on the list to come back to.

Yes, Mr. Desjarlais.

Mr. Blake Desjarlais: On a point of order, thank you to my colleague who believes I have the floor, the chair of OGGO. To our chair here in public accounts—

The Chair: What's your point of order, Mr. Desjarlais?

Mr. Blake Desjarlais: I'm trying to respond to you, Chair. You're making an accusation that I think I'm entitled to respond to.

I'm trying to say that this is well in order. Now that we're at this point, I think we could probably call a vote.

The Chair: Mr. Desjarlais, we don't call votes until the debate has collapsed. I have a number of people who wish to speak, so I'll turn now to Ms. Goodridge.

It's nice to see you. You have the floor.

Mrs. Laila Goodridge (Fort McMurray—Cold Lake, CPC): Thank you, Mr. Chair.

This is identical, word for word, to a motion that was moved when I was in an environment meeting on, I believe, November 28 by Mr. van Koeverden. I still don't think that this is necessarily within complete federal jurisdiction. I think, given the fact that the federal government has lost a couple of court cases recently to the Government of Alberta, that this is perhaps not the best way of building those relationships. It at least has some semblance of making sense in the environment committee.

When I was told that this was being discussed at public accounts, I was absolutely flabbergasted. I am having a very hard time understanding how this could even get to a space where this is something that public accounts has decided, "Well, environment hasn't ruled on this fast enough, so let's bring this to public accounts."

I'm very much at a loss for words. I believe that it is absolutely inappropriate for this to be at this committee. I would urge members to vote against this. I think that this is something that needs to be dealt with, if even dealt with at the federal level, at the environment committee. Frankly, I believe that this should be dealt with by the Government of Alberta in one of their committees.

● (1340)

The Chair: Thank you very much.

[*Translation*]

Ms. Sinclair-Desgagné, the floor is yours.

Ms. Nathalie Sinclair-Desgagné: Thank you, Mr. Chair.

I think this motion falls within the work of this committee. The connection was clearly established by Mr. McCauley a little earlier.

I want to inform colleagues who are joining us just to discuss this motion that we can ask the Office of the Auditor General, and so the commissioner of the environment and sustainable development, to do audits. To address the concerns voiced by my colleague who spoke before me, I would say that the connection with our committee is very clear.

However, I have enormous reservations about this motion. I believe that the responsibilities of provincial regulatory agencies and governments should not be discussed at the federal level. As Ms. Shanahan said, we are in a federation, and a federation must respect the provinces' jurisdictions.

I want to move an amendment that I think will have the support of other parties. I would like to reduce the motion to a minimum and simply keep the last paragraph with the colon, which starts with "that in relation to the Follow-up Study on Report 3". I would then keep only point 5, in which the committee requests that the Office of the Auditor General, through the commissioner of the environment and sustainable development, conduct an audit of environmental protections around Canada's waterbodies, especially those on Indigenous lands.

Obviously, this subject is very important to us. While I propose to remove any reference to matters that do not fall under federal jurisdiction, it is very important that the commissioner of the environment and sustainable development do an audit of the condition of water everywhere within Canada.

Thank you.

[English]

The Chair: I'm going to repeat this.

[Translation]

Ms. Sinclair-Desgagné, I just want to be sure about what you are proposing.

Do you want to keep paragraph 3? Do you want to cut something from paragraph 3?

Ms. Nathalie Sinclair-Desgagné: I propose to keep paragraph 3 and point 5. The amendment has been sent to you.

[English]

The Chair: Okay.

There is an amendment to the motion that would remove paragraph one and paragraph two. It would keep paragraph three, which begins, "That, in relation to the Follow-up Study"; cut items 1, 2, 3 and 4; and maintain point 5.

I have a speaking list. I'll continue to follow that.

Ms. Khalid, you're on that list. Go ahead, please.

• (1345)

Ms. Iqra Khalid: Thanks, Chair.

I'm not exactly sure how that language plays out in the actual body of the motion right now. Could you perhaps walk me through which words are being deleted?

The Chair: Paragraph one begins with "Whereas". It's gone.

Paragraph two begins with "whereas, the Alberta Regulator". It's proposed that this be removed.

"That the committee express"—that will be removed.

The entire paragraph four in the English, which begins with "That, in relation to the Follow-up Study" and ends with "the committee", would remain.

Items 1, 2, 3 and 4 are to be cut, and 5 would remain: "Request that the Office of the Auditor General, through the Commissioner of the Environment and Sustainable Development, conduct an audit

of environmental protections of Canada's waterbodies, especially those on Indigenous lands."

Ms. Iqra Khalid: Thank you very much for that clarification, Chair.

I am against this amendment.

The Chair: Okay. We will have a role call vote, I'm sure, in due course.

Mr. Stewart, you have the floor to discuss this. Again, this is on the amendment to the motion. The amendment seeks to remove several parts of it.

Mr. Jake Stewart (Miramichi—Grand Lake, CPC): I think the amendment is decent. I don't know a lot about provincial politics in Alberta. I will be very clear on that. I certainly don't know anything about this tailings pond. It's far out of my jurisdiction.

At the same time, for us as federal members of Parliament, the last thing we want to do is to be too heavy-handed with provinces by instructing them what to do with their time and with their industries. I think that's pretty heavy-handed.

I was thinking of Mr. Desjarlais' comments earlier. He wasn't wrong about the duty to consult with first nations. I went through that a lot in New Brunswick. It gets dicey when provincial governments and provincial bodies are consulting with the first nations chiefs of the communities. Sometimes you could get agreement within the first nations communities, but then there might be a grassroots element from within the community that didn't align with the council and chief of the actual community. Then you would have different factions, and that would really complicate matters for provincial bodies. I did see how sometimes opportunities were lost because of the differences of opinion among the greater indigenous community.

At the same time, I think the amendment is decent. It removes a lot of the aspects that I think were heavy-handed. I think it's okay at this point.

The Chair: Thank you very much.

Mr. Leslie, you have the floor. Go ahead, please.

Mr. Branden Leslie (Portage—Lisgar, CPC): Thank you, Mr. Chair.

Thank you to the members. It's the first time I'm visiting this committee.

I just came from the environment committee, where I had the pleasure—this is not the right word—of hearing responses from Minister Guilbeault. It was the first time I have had the chance to speak with the minister at the environment committee. It was the first time in 262 days that the minister had appeared.

The Alberta Energy Regulator has appeared twice at the environment committee during that same time. By my estimation, the federal environment committee should have appearances by the environment minister of this federal government more frequently than by a provincial regulatory body.

To have them thrown under the bus for political reasons as we are heading into the Christmas season, I think, is something that we should not really be focusing a lot of time on, given the frustrations that provinces have with this government and have rightfully already aired publicly. Most recently the premier of the Northwest Territories spoke out against the cost of the carbon tax for his constituents. We have had, obviously, headaches within the prairie provinces over natural resource regulations, particularly in the aftermath of Bill C-69, the “no more pipelines” legislation, being slapped down by the Supreme Court for its unconstitutionality. Then the federal Liberal government just decided to go further. They decided to impose the “Ottawa knows best” approach on provinces once again with new methane emissions being proposed and with the clean electricity regulations that most definitely are going to be ruled unconstitutional, particularly given the reference case of the Impact Assessment Agency and Bill C-69.

All of that said, I think it's frustrating that provinces are having to deal with what seems like a concerted effort by the federal government from Ottawa attacking them.

The reason I came and joined this committee was to look at the same motion that we saw at the environment committee, where the Liberals tabled it because they wanted to use it to distract. They want to divide and to distract provinces and Canadians, and it is so very frustrating. I think for the good of our federation, it's just time to stop.

If you actually want to work with provinces on issues like tailings pond seepage or regulations, you need to be an active partner in working with provincial governments and not just say you're going to work with them and then impose your measures from Ottawa.

Mr. Chair, in relation to the specific amendment to this motion, I agree that it is decent. I would propose an additional amendment that would remove the unnecessary third paragraph that states its disappointment, because I don't think it's the role of the federal government through the public accounts committee to relay disappointment to a provincial regulatory body.

I would move a subamendment to the amendment that we remove paragraph three.

• (1350)

The Chair: Paragraph three is already out. The only paragraph that the Bloc is—

Mr. Brandon Leslie: That's supportable then.

The Chair: You still have the floor.

Mr. Brandon Leslie: Just to clarify, Mr. Chair, the third paragraph, “That the committee express its disappointment” is currently being amended out.

A voice: Yes.

Mr. Brandon Leslie: I believe I could support that amendment.

The Chair: Step by step, maybe we're coming to some sort of agreement.

Mr. McCauley, you have the floor.

Mr. Kelly McCauley: Thanks, Chair.

I want to thank my colleague, Ms. Sinclair-Desgagné, for the amendments. Numbers (1) to (4) seem to be recommendations. Getting to recommendations ahead of the actual report...I certainly support taking those out.

As I mentioned, I'm very happy at the request to do the report. I'll put this out perhaps to my colleague who has joined us from the environment committee. It's whether “Canada's waterbodies” is an accurate enough description. In the general context, I understand it's about drinking water for first nations. Maybe my colleague from the NDP can chime in as well on this—whether “waterbodies” covers, specifically, drinking water.

I'm not sure if that needs to be a further amendment. I will rely on Mr. Leslie or Mr. Desjarlais to chime in afterwards.

The only other issue I have, and I mostly support the amendment, is that I guess we are keeping the fourth paragraph “in relation to the Follow-up Study on 'Report 3: Access to Safe Drinking Water’”, which is fine.

It then says, “following the evidence provided by witnesses at the Standing Committee on Environment”. I am hesitant to have this committee put forward suggestions based on the work of another committee that I haven't seen, and I am concerned about making recommendations. Certainly keep the first line in, and I'm just putting this out there for further discussion. Again, it's asking for us to put forward a statement based on witnesses at another committee that we haven't heard.

I bring this up because I brought this up with AG Hogan, and also AG Ferguson, before his passing, about the shipbuilding study. We were doing a study in OGGO, the only committee that matters, about shipbuilding and asked if they actually referred to the evidence, witnesses and testimony in that study. The AG commented that, no, they do not actually look at information that comes up in other studies. Therefore, the current AG and the previous AG both stated that they don't consider testimony, recommendations or anything else from other studies.

Again, I'm hesitant about putting forward something based on what was heard in another committee when I haven't heard it myself.

Mr. Desjarlais, I'll put this out to you as you were conferring with someone. On the last line about “Canada's waterbodies, especially those on Indigenous lands”, are you're satisfied that would actually cover drinking water as well?

There is water body access, but again, from the MLI report, there's also underground water access. I'm not sure if you're satisfied. I understand the intent, but I want to make sure we are clear that it's water bodies but also specifically drinking water. Could you just chime in on that?

• (1355)

The Chair: Yes, before I turn to Mr. Desjarlais, I heard musings about a possible subamendment but nothing formal, so we are proceeding with the amendment to the motion.

Mr. Kelly McCauley: If we're fine with it, then I'm good.

The Chair: Mr. Desjarlais, you have the floor.

Mr. Blake Desjarlais: I do appreciate my colleague from the Bloc's amendment and, of course, with support from the Conservatives, we see a shielding of the Alberta Energy Regulator. I understand there are political reasons, partisan reasons, to protect the United Conservative Party's Alberta Energy Regulator, so—

Mrs. Laila Goodridge: I have a point of order, Mr. Chair.

The Chair: Mr. Desjarlais, I have a point of order from Ms. Goodridge.

Mr. Blake Desjarlais: But I was about to agree with Mr. McCauley—

The Chair: Hold on. I have a point of order. I have to hear it.

Go ahead, Mrs. Goodridge.

Mrs. Laila Goodridge: I really think that is imputing false motives on members of the Conservative Party. It has nothing to do with shielding or the provincial government. It's frankly about whether it's provincial or federal jurisdiction, and I believe that the amendment—

The Chair: Ms. Goodridge, I'm going to stop you. That is the point I made in my objection so, while I agree with you, we are well beyond that in terms of debating.

Mr. Desjarlais knows how far he should push language while still hopefully getting consensus here. That is a very friendly reminder.

Mr. Desjarlais, you have the floor again.

Mr. Blake Desjarlais: Yes, and I do appreciate that the member comes from an area where this bill is taking place, and they may have a motive in not talking about those impacts, but I digress, Mr. Chair.

It's important to first nations in Alberta and it's important to members of Parliament to understand that the Alberta Energy Regulator does not operate outside our Constitution. I must be clear that I do, in fact, want to see consensus on this. I'd like members of this committee to come together on this, so, to the Bloc Québécois' amendments and striking 1, 2, 3 and 4, I'm okay to do that.

However, on the principle of what needs to be addressed, I would offer a subamendment to the amendment, which I think will take into direct account the issues of first nations, in particular ACFN, in their discussions with members of Parliament and their discussions with the government as to their concern in relation to the AER's impact and the federal government's obligation to those communities. The language I think I proposed prior to the final recommendation, which would become the new 1, would be to:

Call on the Auditor General to assess the Treaty, Inherent, and S.35 Rights impact of FN and Métis Communities by the Alberta Energy Regulator as it relates to Canada's obligations to Treaty and Inherent rights of First Nations and Métis Communities in Alberta.

This falls wholly within our jurisdictional responsibility, and it's important, Chair, that in instances—and there have been instances—where provinces have trampled on the rights of indigenous people, it's up to us to ensure that we have full accountability in the protection of those rights. This is an important amendment. It deals with what the government is proposing, which are really serious concerns with the Alberta Energy Regulator. It deals with the concerns the Conservatives have with it being out of jurisdiction. It deals with the concern of the Bloc about provincial jurisdiction and puts it wholly within our narrow obligation founded in section 91(24) of the Constitution Act, which is the sole responsibility of jurisdiction for “Indians, and Lands reserved for Indians”. When there is an impact to that jurisdiction, it's the federal government's obligation and duty to protect those rights that are founded within our legal framework here in Canada.

I think it's important, so I'll—

• (1400)

The Chair: Again, Mr. Desjarlais, I'm not trying to pick a constitutional fight with you. I'm ruling that subamendment out of order for the same reason as before. I can tell you, in my experience, the Auditor General's office will get back and say that they have no authority to investigate a subnational government. It would be like asking the auditor to investigate the Ontario liquor board, or the municipality of—

Mr. Blake Desjarlais: On a point of order, first nations are not the Ontario liquor board, Mr. Chair.

The Chair: You said that you wanted to investigate a provincial body.

Mr. Blake Desjarlais: I'm talking about indigenous rights. I'm talking about the rights impacts of first nations and Métis communities, and the subamendment—

The Chair: Is your subamendment not—

Mr. Blake Desjarlais: —makes clear that there is a potential rights infringement and that it's our obligation to investigate those rights infringements.

The Chair: I'm not disputing that, but your subamendment calls on the OAG to investigate a provincial—

Mr. Blake Desjarlais: No, it says to assess the rights.... I'll say it one more time:

Call on the Auditor General to assess the Treaty, Inherent, and S.35 Rights impact of FN and Métis Communities by the Alberta Energy Regulator...

or any other entity that may do that. It's our constitutional obligation. We do this all the time. I'm confused why all of a sudden the Alberta Energy Regulator gets this kind of defence against a constitutional right of indigenous people.

The Chair: Oh, no. I'd have the same objections if this was calling on an investigation of a provincial matter dealing with Acadians or in any other province.

Mr. Blake Desjarlais: Again, Mr. Chair, these are unfounded...You're relating the liquor board, or Acadians, to first nations rights, which is the problem. I'm trying to tell you we have a constitutional obligation under section 35—

The Chair: No, no. You're conflating my words. I am saying the auditor is focused on federal levels.

I have Mrs. Goodridge on a point of order.

Mrs. Laila Goodridge: I appreciate that Mr. Desjarlais has read his subamendment a couple of times. I understand what he's trying to get at, but I'm asking to get this in writing, because it's a bit more complex than just removing some lines, or adding a sentence. I believe that would help me in making a decision, if I could see it in front of me.

The Chair: Could you send your subamendment to the clerk, Mr. Desjarlais?

The meeting is adjourned.

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