

**The Professional Institute  
of the Public Service of Canada  
(PIPSC)**



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**Submission to the Standing Committee on Finance on  
Bill C-44, *An Act to implement certain provisions of  
the budget***

**May 2017**

The Professional Institute for the Public Service of Canada (PIPSC) is Canada's largest union of professionals. Most of our members work for the federal government, including approximately 15,000 science-related professionals and over 12,500 IT professionals. PIPSC is pleased to have the opportunity to submit our comments to the Standing Committee on Finance regarding Bill C-44, *An Act to implement certain provisions of the budget*.

This brief covers two areas of concern PIPSC has with Bill C-44. The first relates to the *Canada Infrastructure Bank Act* and the Science and Technology (S&T) Infrastructure Initiative, and the second relates to Division 4 of Bill C-44 and its changes to the *Shared Services Act*.

### ***Canada Infrastructure Bank Act and the Science and Technology Infrastructure Initiative***

Over 15,000 federal public scientists are tasked with protecting, among other things, the health and safety of Canadian food, water and consumer products. They also protect the environment and promote the vitality of our economy through innovations in science and technology. Years of cuts and austerity have put our world-class science in danger. It's time to rebuild Canada's public science capacity to keep Canadians safe, healthy and prosperous.

Specifically, PIPSC is concerned with the government's proposed infrastructure bank and its potential link to the government's S&T Infrastructure Initiative. We believe the approach laid out in the proposed Canada Infrastructure Bank is not the sort of investment required to rebuild public science in Canada. As you may be aware, the government is currently engaged in ongoing discussions with S&T partners in both the academic and private sectors about science infrastructure. The S&T Infrastructure Initiative is already considering public private partnerships (P3s) as a mechanism to build and transform government science infrastructure. The Canada Infrastructure Bank is a likely mechanism by which government departments may seek the billions of dollars in funding required to develop ambitious science infrastructure plans.

According to article 6 of Bill C-44:

“The purpose of the Bank is to invest, and seek to attract investment from private sector investors and institutional investors, in infrastructure projects in Canada or partly in Canada that will generate revenue and that will be in the public interest by, for example, supporting conditions that foster economic growth or by contributing to the sustainability of infrastructure in Canada.”

PIPSC finds this to be a very broad mandate for the bank. Infrastructure projects may become anything that “generates revenue” and is in the “public interest”. As a result, it is likely that the infrastructure bank could be involved in the federal government's science infrastructure initiative.

PIPSC has a number of concerns with the involvement of a Canada Infrastructure Bank in science infrastructure, including the higher costs associated with the proposed private financing model. As a recent study from the Canadian Centre for Policy Alternatives (CCPA) notes; private financing will cost

the Canadian public far more than financing infrastructure projects at much lower public borrowing rates.<sup>1</sup> The CCPA report finds that private financing of the proposed Canada Infrastructure Bank could “double the cost of infrastructure projects—adding \$150 billion or more in additional financing costs on the \$140 billion of anticipated investments. It would amount to about \$4,000 per Canadian, and about \$5 billion more per year (assuming an average 30-year asset life).” This will mean fewer infrastructure projects and less public funding for other public services.

Given this, PIPSC recommends exploring lower-cost public financing to meet pressing infrastructure and science needs. The Infrastructure Bank could lead to higher costs for doing government science, which in turn would affect other available science resources and, in any case, is plainly not a sensible approach to managing public funds. Why would we want to pursue more costly avenues?

#### **Division 4 and the *Shared Services Act***

Our other area of concern with Bill C-44 relates to the *Shared Services Act*. Bill C-44 allows the Minister of Shared Services Canada (SSC) to authorize a department to obtain services from other sources or deliver those sources internally. Though the Minister responsible for Shared Services can impose conditions for this delegation we remain concerned.

While the provision is currently limited and conditional, we fear it could weaken Shared Services Canada over the longer term. It was reported in the media that departments will also be able to procure services and equipment from vendors that have contracts with SSC.<sup>2</sup> Bill C-44 appears to allow a department to procure services or deliver them internally, which means an increased risk in future of less control over the degree to which work is contracted out to the private sector. This concerns us and should concern all Canadians as it seems to overlook the existing capacity to provide these services within government.

What SSC requires now (if we are going to hope for its success) is an open and transparent operational plan, not the piecemeal erosion of its role. A plan for SSC would provide PIPSC members and the government IT community knowledge of the tools needed to do their jobs and how they can be part of the successful modernization of government IT systems and improved government service delivery. IT modernization has not had an admirable track record in recent years. We have seen this go badly in the cases of the Bell and CGI contract to consolidate federal government email systems, the construction of the new Canada.ca website and, most recently, in the roll out of the Phoenix pay system led by IBM – projects that have been plagued with delays, cost-overruns and, in the case of Phoenix, enduring injury to the public service itself. Strengthening the role of the government IT workforce through reduced outsourcing and professional development is what is most needed at this point.

Thank you for your time and attention to these important matters.

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1 <https://www.policyalternatives.ca/publications/reports/creating-canadian-infrastructure-bank-public-interest>

2 <http://www.cbc.ca/news/politics/shared-services-canada-opt-out-1.4066740>