



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on Government Operations and Estimates

EVIDENCE

NUMBER 003

Friday, February 4, 2022

Chair: Mr. Robert Kitchen



Standing Committee on Government Operations and Estimates

Friday, February 4, 2022

• (1300)

[*English*]

The Chair (Mr. Robert Kitchen (Souris—Moose Mountain, CPC)): I'd like to welcome you to meeting number three of the House of Commons Standing Committee on Government Operations and Estimates. Today we will be receiving a briefing from the Parliamentary Budget Officer.

Today's meeting is taking place in the hybrid format, pursuant to the House Order of November 25, 2021. Members are attending in person in the room and remotely using the Zoom application.

Regarding the speaking list, the committee clerk and I will do the best we can to maintain a consolidated order of speaking for all members who are participating virtually or in person.

I would like to take this opportunity to remind all participants to this meeting that taking screenshots or photos of your screen is not permitted.

Given the ongoing pandemic situation and in light of the recommendations from public health authorities, as well as the directive of the Board of Internal Economy of October 19, 2021, to remain healthy and safe, the following is recommended for all of those attending the meeting in person.

Anyone with symptoms should participate by Zoom and not attend the meeting in person. Everyone must maintain two-metre physical distancing, whether seated or standing. Everyone must wear a non-medical mask when circulating in the room. It is recommended in the strongest possible terms that members wear their masks at all times, including when seated. Non-medical masks—which provide better clarity than cloth masks—are available in the room. Everyone present must maintain proper hand hygiene by using the hand sanitizer at the room entrance.

Committee rooms are cleaned before and after each meeting. To maintain this, everyone is encouraged to clean their surfaces, such as the desk, chair and microphone, with the provided disinfectant wipes when vacating or taking a seat.

As the chair, I will be enforcing these measures for the duration of the meeting and I thank members in advance for their co-operation.

Before we start, I just wish to inform members of the committee that the departmental results reports for the period ending March 21, 2021, were tabled in the House earlier this week. In the past, OGGO has studied these reports while considering the supplementary estimates (C).

Does the committee wish to study the departmental results reports and supplementary estimates (C) 2021-22, and invite the ministers to appear? Is there agreement to do that?

I'm looking around the room and I see nods. On the screen, I see thumbs up and heads nodding.

Thank you. That is carried.

Members will notice that the Parliamentary Budget Officer is present in the committee room today for this meeting. However, he is also accompanied by two colleagues who are appearing virtually. We have Mr. Penney and Mr. Elmarzougui.

I now invite Mr. Giroux to make his opening statements.

Mr. Giroux.

[*Translation*]

Mr. Yves Giroux (Parliamentary Budget Officer, Office of the Parliamentary Budget Officer): Mr. Chair and members of the committee, thank you for the invitation to appear before you today.

As you are aware, under the Parliament of Canada Act, I am mandated to support Parliament by providing analysis of macroeconomic and fiscal policy, to raise the quality of parliamentary debate and promote greater budget transparency and accountability.

I am pleased to be here today to present the findings of our report entitled, "The Polar Icebreaker Project: A Fiscal Analysis", a report initiated by my office as part of our ongoing effort to provide independent insight into our government's National Shipbuilding Strategy.

With me today I have our two analysts, who authored this report: Christopher Penney and Eskandar Elmarzougui.

The Polar Icebreaker Project calls for the acquisition of two new vessels, with a single vessel being constructed at each of Vancouver Shipyards and Chantier Davie Canada Inc., the latter pending approval of the shipyard's inclusion as a partner in the National Shipbuilding Strategy.

• (1305)

[English]

At present, the government has not released an updated cost estimate on this project. The last reported estimate dates to 2013, where a cost of \$1.3 billion for only one ship was cited.

Our independent analysis projects a total cost of \$7.25 billion for the acquisition of two polar icebreakers, which includes project management costs of \$346 million, design costs of \$820 million and acquisition costs of \$6.1 billion.

In terms of the construction schedule, we estimate that construction should begin on the first vessel in the 2023-24 fiscal year, with the second beginning the following year. Deliveries of these vessels should then occur in 2029-30 and 2030-31 respectively.

We estimate that if the start of construction for these two vessels is delayed by one year, total project costs would increase by \$235 million, while a two-year delay in the start of construction would increase costs by a total of \$472 million.

My colleagues and I would be pleased to respond to any questions you may have regarding this report or other PBO work.

Thank you.

The Chair: Thank you, Mr. Giroux.

We'll go into questions. Our first round of six minutes will start with Mr. McCauley.

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

Mr. Giroux, welcome back. It's always a pleasure to have you. You're sitting so far away that you might as well be at 99 Bank.

I attended your briefing on the icebreakers, so I'm well versed in that from your commentary.

I'm going to chat about your report, which was the economic and fiscal update briefing. In the briefing you talked about the very late publication of the public accounts, record spending and more deficit than any...since Confederation, combined.

We ended up having two years without a budget and then the latest publication of the public accounts since grunge music was popular back in 1993.

I'm just wondering what you think about the issue of transparency and trust in government, both from parliamentarians and the Canadian public, when this vital report is pushed so late.

Mr. Yves Giroux: I've commented a couple of times on the late publication of the public accounts. I indicated that this was highly unusual. It was not conducive to properly holding the government to account by parliamentarians, at a time when they were collectively asked to approve additional spending to fight the pandemic or to implement government priorities in an expedited manner.

At the same time, the government had not yet tabled the public accounts that indicated the amount of the deficit spending and tax revenues for the year that ended in March 2021. We found ourselves having to wait almost nine months to get these results. We

know that the public accounts were ready. They were signed off by the Auditor General on September 9.

It would not have been appropriate, in my opinion, to table these public accounts during the electoral campaign, but given that they were ready in September, the fact that they were delayed until mid-December negatively affected the capacity of parliamentarians to scrutinize government spending.

• (1310)

Mr. Kelly McCauley: They were signed off by the Auditor General and the other two that are required on September 9. My understanding is that the books were then reopened, for the first time ever after being audited, to add some more spending. I asked finance if the books had ever been reopened in history and their comment was that they were not aware that they had been.

Are you aware of any time since Confederation that a government has reopened the books—the audited and signed-off public accounts—to change the public accounts after the fact?

Mr. Yves Giroux: I'm not aware of any such instance. I wouldn't say it has never been done. I may look old, but I am not so old that I can remember everything since Confederation. In my recollection, that was the first time.

Mr. Kelly McCauley: You were around for the second public accounts ever issued, were you not?

It's the same issue with the departmental results. These are the reports that are supposed to come out detailing what what results the government has achieved against its goals for all of its spending. Yet, I have internal documentation that was leaked to me showing that they were finished three or four months ago, and the government just sat on them before issuing them.

Do you see a benefit or a reason why they would be hiding this information from Canadians or parliamentarians?

Mr. Yves Giroux: I see mostly a downside to delaying the publication of departmental results reports. They were done presumably several months ago. Having been in the public service for decades, I know that officials work towards their tabling in the fall so there's no obvious reason why, to me, they would need more time this time around.

They were probably ready in the fall, and I see no significant gains in delaying the tabling of these reports, so I don't know why they would be tabled so late this time around, which is almost 10 months after the end of the fiscal year to which they relate, so it's unusually late.

Mr. Kelly McCauley: I was talking to one of my Senate colleagues who used to be an auditor general at the provincial level, and she suggested we actually need legislation requiring the government to table such reports by a certain date, and I think you touched upon this in your report. Is this something you suggest or that you would support for transparency and openness?

Mr. Yves Giroux: It's certainly something that I would support when it comes to the public accounts. Right now there is a legislated timeline, these have to be tabled no later than December 31, and I'm suggesting that we advance that date to September 30. The public service has shown clearly that it can deliver within this timeline even during the pandemic. I think that it would not be unreasonable at all to request the same thing for the departmental results reports. The public service has demonstrated that it could deliver these in the fall, so it is something that you could certainly consider as legislators to have a legislated timeline for the DRRs that would require these to be tabled sooner than what we are seeing this year.

Mr. Kelly McCauley: It would increase transparency and there would be no drawbacks, there would be no negative effect of actually having the government publish this information in a legislated timely fashion for parliamentarians.

Mr. Yves Giroux: I personally see no downside, the public service can certainly deliver these products in a more timely manner. They've already done it in a year where it was very difficult, allegedly, and they've done that for years and years, so I see no reason why this would not be feasible.

The Chair: Thank you, Mr. McCauley, and thank you, Mr. Giroux.

We'll now go to Mr. Kusmierczyk for six minutes.

Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.): Thank you, Mr. Chair.

I want to begin by saying, after a two-year absence from this committee, how delighted I am to be back here in person to see all of you, and let the record show that you're all even more handsome in person than on the screen. I just wanted to put that on record.

Thank you, Mr. Giroux, for your report and for your testimony today.

In your cost estimate, what is the contingency estimate, and how much of your estimate cost is contingency?

Mr. Yves Giroux: Our estimate is the best estimate possible, and it does not include a contingency. We have, however, provided a range of likely scenarios. Our estimate of \$7.25 billion is the most likely scenario that we estimate based on what we have looked at in terms of comparisons, with respect to the weight, and to comparable missions even though they are not perfect comparable ships, where we could have reliable data.

This is the best estimate we have.

• (1315)

Mr. Irek Kusmierczyk: Thank you, Mr. Giroux.

I know on page 11 you mention that there's an inherent uncertainty with a project like this. Would you say that this was an exceptionally difficult analysis for your office to conduct?

Mr. Yves Giroux: It certainly is not one of the easiest estimates that we had to conduct, but neither is it the most difficult estimate that we came up with. We know that there are ships that are not the same mission and size, but we have comparators in other countries that have similar missions but different size, or ships that are of a broadly similar size, different mission, and by amalgamating these two factors, and looking at the Canadian recent experience with

major ships procurement, we are fairly confident in our cost estimate.

Mr. Irek Kusmierczyk: There will be two ships that will be built in two separate shipyards.

In your opinion, what are the advantages and disadvantages in terms of cost, for example, of including two shipyards on the project? What would be the advantages for the economy, as well?

Mr. Yves Giroux: In terms of costs, there are no advantages to having two shipyards build the ships. If it was the same shipyard building both ships, there would be economies of scale, or a learning curve that the shipyard would acquire, and would make the building of the second ship less expensive than if the contract was awarded to two different shipyards.

When it comes to economic benefits, having two different shipyards building these ships, it distributes more evenly the economic benefits of building these ships to two different regions, so there is a benefit inherent in that.

However, from a purely cost perspective, there are no significant advantages to doing that.

Mr. Irek Kusmierczyk: I know your focus is on the cost analysis.

Is it fair to say that this also helps build capacity across the country, as well? Is that the advantage of having two ships built in two separate shipyards?

Mr. Yves Giroux: That's a very good point.

Building and maintaining domestic capacity is one of the big advantages of having these ships built domestically. However, the scope of my report is to estimate the cost of building these ships. It's not within the scope to determine the intangible benefits of having a domestic capacity to build these types of ships. The same goes for big Royal Canadian Navy procurements.

There are inherent national security benefits in having the capacity to build these ships domestically as opposed to building these ships abroad, but it's very difficult to quantify these in dollars.

Mr. Irek Kusmierczyk: That's right.

Are there cost differences between the two shipyards, for example, due to labour availability in different regions, different levels of expertise, and perhaps materials?

I know we compared productivity and other costs with the U.S., but are there any inherent material differences between the two shipyards? Is that something that your analysis looked at?

Mr. Yves Giroux: In our analysis, we looked at a generic Canadian shipyard, assuming that if there were any differences in the two shipyards, they would not materially affect the total cost estimate. There may be cost differences that arise, but given the experience that we have as a nation as well as the cost estimates and the historical data that we have been able to gather for other types of procurements, we don't believe that these cost differences will materially affect the overall cost of the project.

Mr. Irek Kusmierczyk: I have a last question for you. You used \$51.62 per hour as the cost of labour in your calculation, if I read that correctly.

Can you explain that number? Does it also account for increased labour costs due to labour shortages or for unforeseen labour shortages?

• (1320)

Mr. Yves Giroux: I'll defer to my colleague, Christopher Penny, who is a few blocks away from here.

The Chair: Mr. Penney, if you can do it in 30 seconds, I'd appreciate it.

Mr. Christopher Penney (Advisor-Analyst, Office of the Parliamentary Budget Officer): I'll try.

The Chair: If there's more you can add, then please submit that as well.

Mr. Christopher Penney: Absolutely.

The figure of \$51.62 comes from Statistics Canada's other transportation equipment aggregate, the NAICS level, which is the North American Industry Classification System. It was the best figure we had from American data. It was what we would use to make such adjustments.

The Chair: Thank you, Mr. Penney, and thank you Mr. Kusmierczyk.

We'll now go to Mrs. Vignola, for six minutes, please.

[*Translation*]

Mrs. Julie Vignola (Beauport—Limoilou, BQ): Thank you very much, Mr. Chair.

Thank you very much, Mr. Giroux, Mr. Penney and Mr. Elmarzougui, for being with us today. We appreciate your presence very much.

I will come back to a question that Mr. Kusmierczyk asked you, because I find it extremely interesting. Currently, in Quebec, the shipyard is used mainly for cleaning and repair. It could be of great help to Canada, given that it represents 50% of the shipbuilding force in Canada. I am, of course, talking about Davie.

You were saying earlier that there would be a financial advantage to having both ships built by the same yard. That's good, because Davie has room, and its schedule would allow it to build them almost simultaneously.

In your opinion, if both ships were built by the same yard, what would be the impact on the cost of the project?

Mr. Yves Giroux: Thank you for your question, Ms. Vignola.

In fact, I asked this question quite early on, at the beginning of the project, when we started the estimate. We estimated that the costs would go down by \$600 million to \$800 million if the same shipyard built both ships. These savings would be due to lower project management costs, obviously, but also to the increased efficiency that is inherent in building a second ship. One learns from the mistakes made in building the first ship.

Mrs. Julie Vignola: That's quite a large amount.

[*Technical difficulty—Editor*] of course, splitting the construction of the two ships between two yards would bring more interesting economic benefits, since it would benefit two regions.

That said, knowing that one of those two regions is already benefiting from tens of billions of dollars in contracts, in terms of economic equity, would building a ship there have as large an effect? Or does the fact that the suppliers for both yards are located across Canada diminish the economic benefits associated with splitting the contract, versus the benefit of reducing costs?

Mr. Yves Giroux: We did not consider that specific point. Certainly, there are benefits to domestic construction in terms of Canadian economic benefits, but we did not consider regional economic benefits. We focused on construction costs rather than economic benefits or other benefits such as maintaining and developing a domestic shipbuilding capacity.

Mrs. Julie Vignola: Thank you.

Other than inflation, what accounts for the fact that between 2008 and 2013 the cost estimate almost doubled, and between 2013 and 2021 the cost estimate per vessel almost tripled?

We went from \$720 million to \$1.3 billion per ship, and then to \$3.625 billion per ship.

Mr. Yves Giroux: This difference would be due, first of all, to the fact that we went from one to two ships, which obviously has an impact on the cost. However, we don't know how the government arrived at the \$1.3-billion estimate.

So it is difficult for me to explain the difference between our cost estimate and the government's. The Minister of Fisheries and Oceans may be tabling a new updated cost estimate soon, which may shed some light on this.

Based on the estimates and data we have been able to use, we are fully confident in our cost estimate. However, unfortunately I cannot comment on the appropriateness of the 2013 government estimate, because I do not know how the government arrived at that figure.

• (1325)

Mrs. Julie Vignola: Have you put this question to the Department of Fisheries and Oceans?

Did you ask them what their method of calculation was for arriving at the \$1.3-billion estimate?

Mr. Yves Giroux: I know that Mr. Elmarzougui and Mr. Penney have had discussions with people in the department.

Did you get that information, gentlemen?

[*English*]

Mr. Christopher Penney: Yes. Certainly early on in the research project we requested data from Fisheries and Oceans Canada. They did provide us with insight into their methods and so forth, but this would be for their internal estimates that exist now and not the \$1.3 billion that existed previously.

[*Translation*]

Mrs. Julie Vignola: All right.

Do their current methods look a bit like yours?

[*English*]

Mr. Christopher Penney: We took a different approach, certainly. We used an analogue approach that looks at historical vessels that we found to be of sufficient “comparability”, if you'll permit the expression. It's basically a model based on historical data that projects, after making adjustments to this historical data and taking into account inflation and so on and so forth, whereas their approach.... Well, I can't speak to it, but it would be more of a bottom-up approach.

The Chair: Thank you, Mr. Penney and Ms. Vignola.

We'll now go to Mr. Johns for six minutes.

Mr. Gord Johns (Courtenay—Alberni, NDP): Thank you.

Thank you, Mr. Giroux and Mr. Penney, for being here today and for the important work that you do.

I'm going to follow up on where Ms. Vignola was going. Can you again just share what information the Department of Fisheries and Oceans withheld, if any, in terms of information? If so, can you talk about the impact that might have had on this report?

Mr. Yves Giroux: I wouldn't say that the Department of Fisheries and Oceans withheld any information. What we did not get a good sense of is how they arrived at the \$1.3 billion original estimate of 2013. But that was not that important for us, given that what we are concerned about is the cost estimate now, the best cost estimate that we can come up with, with the parameters that we know now for building two polar icebreakers.

By and large, unless Chris and Eskandar have more information that they would have liked to get from the department, I think we got the information we needed from the department to the extent that we were interested in building an estimate at this point in time.

Mr. Christopher Penney: I can confirm that, yes, they did provide everything we asked of them.

Mr. Gord Johns: Okay. Thanks. I appreciate that.

Just in terms of comparisons with the U.S. with regard to vessel replenishment and their program around the Lewis and Clark class models, the additional adjustments are undertaken to account for the differences in labour productivity, labour costs and exchange rates between the U.S. and Canada. Can you comment on the differences in labour productivity and labour costs between Canada and the U.S.?

Mr. Yves Giroux: Sure. When we look at shipyards' productivity in Canada and in the U.S., we find that productivity is lower in Canada. This is explained by the fact that we don't build as many ships as the U.S. shipyards do. They run a constant operation. They are building many, many more ships than our shipyards are building.

The lower productivity is also reflected in lower average hourly wages. So the cost of labour is also lower in Canada, but when you factor in the productivity differences, the wage differences and the exchange rate, the costs end up being significantly higher for building these ships domestically.

• (1330)

Mr. Gord Johns: [*Technical difficulty—Editor*] speak a bit about the multiplier effect, the greater impact on the economy. We see the cost estimates come out. What is the impact to the greater economy in terms of the multiplier effect? Has that been looked at?

Mr. Yves Giroux: The scope of the report did not include the economic benefits or the multiplier effect. We looked at the cost of building these ships, the procurement cost. The economic benefit is something we could look at, if the committee desired us to do this, but it would require more data—for example, the components that are imported versus those that are domestic and so on.

So it would require more work. That's why we limited our report to the cost of this project as opposed to the cost and the economic benefits.

Mr. Gord Johns: In terms of the costing, these shipyards are being built in markets where housing is skyrocketing, which is having a huge impact on inflation. Was that taken into account in the costing of this?

Mr. Yves Giroux: Yes. We did consider the higher inflation. It was built into our cost estimate. There is shipbuilding inflation that is specific to that sector. That is also dependent to a large extent on the overall inflation in the economy. We revised our inflation forecasts to take into consideration the most...well, not the most recent, because the report is already several weeks old, but we did take into consideration the higher inflation than the typical 2% target range of the Bank of Canada.

Mr. Gord Johns: Can you speak a bit about how we could improve productivity in Canada in our shipyards, and support our workers as well?

Mr. Yves Giroux: If I knew the answer to that question, I would probably be much richer—which means I might not be here right now if I knew the answer.

One obvious way of increasing productivity would be to build more ships domestically so that the shipyards become more efficient. Of course, if you start by building one ship every now and then, the knowledge acquisition has to not start from scratch, but it has to be regained. The experienced workers might not be updating and upgrading their skills as often.

That's one easy answer on how to increase efficiency and productivity of shipyards. Beyond that, I'm not sufficiently well versed in naval construction to be able to provide more solutions than that.

Mr. Gord Johns: How am I doing for time, Mr. Chair?

The Chair: You have 20 seconds.

Mr. Gord Johns: I'll let it go and save it for the next round.

Thank you.

The Chair: Thank you, Mr. Johns.

Thank you, Mr. Giroux.

We'll now start our second round.

We're going to five minutes with Mr. Paul-Hus.

[*Translation*]

Mr. Pierre Paul-Hus (Charlesbourg—Haute-Saint-Charles, CPC): Thank you, Mr. Chair.

Good morning, Mr. Giroux.

It's quite fascinating to see the progression of this file. About 10 years ago, a polar icebreaker contract, valued at \$1.3 billion in 2013, was awarded to Seaspan.

Today you estimate that the two icebreakers announced by the government last fall will cost \$7 billion, which is \$3.5 billion each, but no official estimate has been provided by the government. Ten years later, two polar icebreakers are announced, built in two yards, but without a price tag attached, and your office has to do the study.

I'm going to read you a few lines from the 2019-20 departmental results report from Public Services and Procurement Canada:

There is a risk that PSPC may not have sufficient procurement resources to achieve priorities, objectives and programs due to a shortage of procurement officers with the appropriate knowledge, which may require several years of experience specific to federal government procurement.

The report confirms that there is an in-house expertise problem. Last year, when I asked you about this, you replied that this could explain part of the problem. Could the problem be much more fundamental? I'm trying to figure out how your office can come up with a \$7-billion estimate when the government can't say anything when it announces the construction of ships.

Mr. Yves Giroux: The pattern is that whenever we look at major procurement issues, for example, combat ships, supply ships, and now polar icebreakers, there is one constant: the costs are always higher when an independent office estimates them rather than the government. Even when it is the government that revises these estimates, they often go up.

I don't think the intentions are bad, but rather that we are dealing with a lack of expertise. Yet it is not expertise that is unique in the world. I like Mr. Penney and Mr. Elmarzougui and I find them very

competent. However, I think that this expertise could be developed in government departments so that the government can come up with estimates that are credible and acceptable to all players.

There is certainly room for improvement in departmental estimation processes, in order to give parliamentarians accurate estimates wherever possible. Having said that, I understand that it is difficult to estimate the total cost of a project that is seven, eight or nine years away.

• (1335)

Mr. Pierre Paul-Hus: Thank you.

It is especially fascinating that a government can make an announcement about a project that they don't remotely know the cost of.

I have a question that is not about icebreakers, but relates to what you mentioned about surface warships. This week a report from the Australian government says that the type 26 ships that are in service are a disaster, as they are too slow for military operations and consume a lot of fuel.

Last year you published a study on the cost of different types of ships that could be purchased by Canada and the plan was to build a type 26 ship. Today, we see that the ships of this type that have been built and are in service are a disaster. What do we do with that?

Mr. Yves Giroux: I also read this headline with interest. It is our practice to update our reports and studies when important new data becomes available. This allows us to update our data and take into account new information.

The Australian experience will certainly be a factor in determining whether we update soon or wait another few months. It is part of the bureau's plans to update its estimates when significant information warrants such an update.

We've done it with the infrastructure programs, for example. We will certainly do it. It is only a matter of time. Will it be in a few months or in a few years? I can't say for sure.

Mr. Pierre Paul-Hus: This is a topic that is quite urgent, given the costs that you have estimated, \$77 billion for the fleet. I think this study should be done by our committee on a fairly urgent basis.

My time is up. Thank you.

[*English*]

The Chair: Thank you, Mr. Paul-Hus. You had 20 seconds left, so it's good to see both you and Mr. Johns letting us gain 40 seconds today.

We will now go to the next questioner.

Welcome to the committee, Ms. Thompson. Thank you very much for joining the committee, and we look forward to you being here.

You have five minutes.

Ms. Joanne Thompson (St. John's East, Lib.): Thank you.

Thank you, Monsieur Giroux, for being here today. I'm really quite interested in this as the MP from St. John's East, and of course, St. John's harbour is the home base for the Coast Guard. I see these vessels, the two that we're speaking about that are being replaced, all the time. I'm certainly well aware of their significance for Canada and our sovereignty, research and science and their presence in the Arctic. It's never been more important, so I'm quite eager to learn more and certainly to begin.

For the first 22 years, the Auditor General provided an unmodified opinion on the financial statements. Would you agree that this demonstrates the high quality of the Government of Canada's financial reporting?

Mr. Yves Giroux: It's certainly not my role to contradict the Auditor General, so if the Auditor General has provided an unreserved opinion, I will take her word for that, not being an accountant myself.

Ms. Joanne Thompson: Our government is committed to transparency and responsible financial management. Monthly financial results are reported in "The Fiscal Monitor", and departments provide quarterly financial reporting. Do you agree that these monthly and quarterly reports provide value updates to parliamentarians to track spending in between the annual public accounts?

• (1340)

Mr. Yves Giroux: "The Fiscal Monitor" is an important source of information for parliamentarians, for Canadians and for me, of course, as are the quarterly financial statements and the monthly statements that we get from the Receiver General.

However, the comment in my report of a couple of weeks ago related to the fact that there are adjustments very often made after the end of the year—accrual adjustments, accounting adjustments—and that makes it very difficult to solely rely on "The Fiscal Monitor" to have an accurate picture of the state of public finances. That's why I was recommending, and still am, that the public accounts be tabled sooner than they were in this fiscal year.

Ms. Joanne Thompson: You've mentioned that the estimating costs for large polar icebreakers are particularly challenging because there aren't many with similar specifications. What did you use in your comparisons to come up with the estimates?

Mr. Yves Giroux: We used a combination of comparators. We used ships that were of a roughly similar size but not with the same mission. We also looked at ships with a similar mission but not of a similar size.

There could have been ships of broadly the same size and the same mission that we could have used, but these were Russian-made ships, so we didn't think there would be sufficiently good data to provide a reasonable estimate.

Therefore, we took ships of a similar size, different mission; and same mission, different size. We also looked at the historical costs

for the Arctic offshore patrol ships and the joint support ships. Combining all these factors, we arrived at a cost estimate for the polar icebreakers. Chris and Eskandar would be happy to provide you more details if you are interested in having more details as to how we included each and every one of these cost comparators into our model.

Ms. Joanne Thompson: That would be quite interesting, because she really is quite a unique vessel and, of course, the work is very specific.

How confident are you that the estimates are accurate?

Mr. Yves Giroux: We're as confident as possible, considering the fact that this is a program that does not have that many comparators. With the data that we were given, we are fairly confident in the cost estimate of \$7.25 billion, recognizing that there are unknowns and that this is a long-term project with several factors that could influence the final cost. At this point in time, I am confident about this cost estimate.

Ms. Joanne Thompson: What would you say made this an exceptionally difficult analysis in terms of the variables? Can you be a little bit more specific in terms of what the greatest point of uncertainty was for you in the estimate?

Mr. Yves Giroux: The biggest point of uncertainty is the fact that there are not that many ships with that capacity in the world for which we can get reliable cost estimates. That's the biggest unknown.

The Chair: Thank you.

Well done, you were five over.

We will now go to Ms. Vignola for two and a half minutes.

[*Translation*]

Mrs. Julie Vignola: Thank you very much, Mr. Chair.

Mr. Giroux, your report states that the method used, in terms of the expenditure profile, is the cash-based method, whereas the government uses the accrual method.

Is this difference likely to have an impact on the calculation of the total project cost?

Mr. Yves Giroux: This will not affect the total cost calculation.

But it will have an impact on the way in which these expenses are going to be accounted for—so there will be budgetary implications—and the way in which the Department of Fisheries and Oceans is going to apply for funds.

The Department of Fisheries and Oceans will have to access the funds through the main estimates or through supplementary estimates, on a cash-based accounting basis. Expenditure on this program will appear in the public accounts and in the government's budget after the icebreakers depreciate.

As icebreakers are used, they lose value. That's where the budgetary impact is going to be felt. It's a bit like the government buying a building that has a 40- or 50-year lifespan. The initial purchase has no budgetary impact, but depreciation over the years does.

• (1345)

Mrs. Julie Vignola: Thank you.

In your report, the project management costs are quite large.

What exactly is included in these costs? How would it be possible to limit these [*Technical difficulty—Editor*] project costs?

Mr. Yves Giroux: I will ask Mr. Penney or Mr. Elmarzougui to explain to you what is included in the project management costs, because I admit that I sometimes have trouble with this question too.

[*English*]

Mr. Christopher Penney: Certainly.

These would be costs on the side of the government. This does not include shipyard level costs. This would be everything from salaries—FTEs—to employee benefits over the span of the 22-year life cycle of the entire project, so 2009 to 2030, or 2031.

[*Translation*]

Mrs. Julie Vignola: Is it possible to limit these costs or are they fixed costs?

[*English*]

The Chair: Ms. Vignola, I'm sorry. We're out of time.

If Mr. Penney heard the question, maybe he could provide a written answer at a later time.

We'll now go to Mr. Johns.

Mr. Gord Johns: Thank you again for being here.

One thing that really struck me, Mr. Giroux, was when you talked about creating more efficiencies and lowering our costs by building more ships, and the amount of knowledge and efficiencies that are lost.

In terms of a capacity perspective, I was at the Pacific NorthWest Economic Region conference, and they cited that dry dock space was pretty much at capacity in Canada and some \$3 billion in refits were going to be needed each year. The government still doesn't have a program to develop dry dock space.

I live in a community on the west coast of Vancouver Island, Port Alberni. It's the only deep-sea port on the west coast of Vancouver Island. They want to build a dry dock, but the government has no program to fund the development of dry docks.

Do you see that, in terms of an upstream cost benefit, more dry dock space and more shipbuilding capacity would help overall in

terms of lowering the costs of development and building of ships in Canada?

Mr. Yves Giroux: That's a good question. I think the Minister of Fisheries and Oceans would be in a much better position than me to answer that question, given that she has at her disposal probably hundreds of officials who are much better at explaining the shipyard and capacity issues of the industry in the country.

Mr. Gord Johns: I think just from a costing perspective, though, when you're looking at comparisons, you can see other countries that have been able to create more dry dock capacity and more shipbuilding capacity. I think about Scandinavia—and Norway certainly is an example—where they're comparable.

Right now in our country we have actually removed a 25% tariff to build ferries in Canada. Here, BC Ferries is a prime example. They're doing refits and building ships outside the country.

Do you think a tariff like that would benefit shipbuilding capacity in Canada if that money went directly to capacity development?

Mr. Yves Giroux: Again, I cannot speak specifically to the issue of dry docks, but one thing is clear. When we look at costs around the world for major ship procurements, be they Coast Guard or National Defence, there's a direct link between the capacity of the country to build ships on a large scale and the unit cost of these ships.

For example, France seems to be very efficient. The U.S. is also a very good example. Italy seems to be doing quite well too. Denmark had cost estimates that were quite low for its equivalent to the Canadian surface combatants.

So there is clearly a link with the domestic capacity. The higher it is, the lower the costs seem to be. I'm not sure if it's directly related to capacity or the actual building. It's probably the actual building of ships that decreases the costs.

• (1350)

The Chair: Thank you.

We will go to Mr. Lobb now for five minutes.

Mr. Ben Lobb (Huron—Bruce, CPC): Thank you very much.

It's a pleasure to be here. This is my first meeting on this committee, I think.

It's estimated that Russia has 40 to 53 icebreakers. China has a series of icebreakers. I think Canada has seven icebreakers, but I could be wrong there.

How many icebreakers do we need, according to your research?

Mr. Yves Giroux: That's a very good question, and a question I have not looked into, because the scope of the report was to estimate the cost. If I were to venture into how many icebreakers we need, that would be a much greater endeavour than just estimating the cost.

I think that's a policy issue, and the minister would be in a better position to answer your question, because it's subjective. As you mentioned, there are countries with bigger fleets than ours, but that also means higher costs. It's not for me to say what the appropriate number of icebreakers is.

Mr. Ben Lobb: In January, you released your analysis of the economic and fiscal update. I am wondering if you have endeavoured to look at GDP growth in 2021 and 2022, which would be over historical averages. In your analysis, did you see how much inflation added to those GDP numbers of 4.6 and 4.2?

Mr. Yves Giroux: We did have a look at the revisions in our estimates arising from different elements. I don't remember, off the top of my head, the component related to inflation. I was coming here prepared to talk about ships, so I'd have to shift gears to talk about the economic and fiscal update.

We know that the additional inflation as well as other elements.... Lower expenditures have created cumulative fiscal room over several years of \$90 billion, but that's not just inflation. That's a mix of inflation, faster growth and lower than expected program expenditures. I would not venture a number just for inflation.

Mr. Ben Lobb: I have one other question along the same line, but if you haven't done it, that's okay. I'm curious. I've read a number of different reports that have said that if we calculated inflation for today based on the same calculations we used in 1980, inflation would be over 14%. Have you ever come across any of those calculations or done any of that in your tables, just to see what it would look like if you modelled it that way—because everybody says this isn't really the inflation number—to see what the true inflation number is?

Mr. Yves Giroux: The short answer is no. We rely on the measurements provided by Statistics Canada, which has a very good reputation internationally. It doesn't mean that it's perfect, but we haven't looked at the measurement of inflation and whether improvements are necessary. That's a question for the chief statistician.

Mr. Ben Lobb: Let's go back to the icebreakers. We see where the price is today. We see where the price was estimated in 2013, I believe it was. There have been a couple of questions already today about it.

Where is this all going to end up? We know we're going to make these and we know we're going to pay for them.

Is there the potential that, by the time it's all said and done, they are \$4 billion or \$5 billion apiece? What's the probability of this scenario?

Mr. Yves Giroux: It's not impossible. We have a range of estimates that go up to \$9 billion as a range of potential outcomes, so it's quite possible that the cost ends up being \$4.5 billion per polar icebreaker. Our estimate of \$7.25 billion is what we believe, at this point in time, to be the most likely scenario. However, should there

be strikes, another wave of the pandemic or unforeseen events in one or both of the shipyards, the costs could go up.

Experience has shown that costs tend to go up, rather than down as a project progresses, but we still believe that \$7.25 billion is the most likely estimate. It doesn't mean it's the top end.

• (1355)

Mr. Ben Lobb: Just to recap—

The Chair: Thank you, Mr. Lobb.

We'll now go to Mr. Housefather for five minutes.

[*Translation*]

Mr. Anthony Housefather (Mount Royal, Lib.): Thank you very much, Mr. Chair.

Mr. Giroux, we are pleased to welcome you to the committee.

I'd like to start by going back to one of the issues that Mrs. Vignola raised.

[*English*]

On page 5 of your report, you note that the project cost for one polar icebreaker was estimated by the previous Conservative government to be \$720 million in 2008. Was there any independent estimate of costs in 2008 that validated this amount?

Mr. Yves Giroux: I don't recall there being such an independent estimate at that time. At that time I was not in my current position, so although I say my recollection is that there was no such independent estimate, it doesn't mean there wasn't any. However, I don't think there was.

Mr. Anthony Housefather: To go on, we also saw from your report that in 2013, there was an estimated cost by the previous government of \$1.3 billion. Was there, to your knowledge, any independent estimate of costs in 2013 that validated this amount?

Mr. Yves Giroux: I don't recall any of my predecessors performing such an independent cost estimate. However, I may be wrong, because in 2013, I was busy doing other things and I don't remember such an estimate. Again, that doesn't mean that it doesn't exist. It probably refers more to my failing memory if it does exist and I don't remember it.

Mr. Anthony Housefather: I'm sure you don't have a failing memory.

I'm going to assume at this point that they don't exist, so we really don't have any idea whether the estimated costs were accurate or not from 2008 to 2013.

Let me move to section 7 of your report, where you spoke to the fact that the assumed timelines, project specifications and, to a lesser extent, ship characteristics are still subject to change, and that your estimates are tailored to the specifications provided by the Department of Fisheries and Oceans in April of 2021.

Did you ever compare those specifications to the specifications that were used to develop the estimated costs of \$720 million in 2008 or the \$1.3 billion estimate in 2013?

Mr. Yves Giroux: We didn't look at the cost estimate and we did not gather evidence, intelligence or information as to how the government came up with its original estimates in 2013 or before. We asked for information from the Department of Fisheries and Oceans to help us estimate what we provided to you a couple of weeks ago, but we didn't look into how the government came up with the original estimate of \$1.3 billion.

Mr. Anthony Housefather: I appreciate that, because there are people claiming that there's been this drastic escalation of costs. From your testimony—from what I understand, anyway—we're not comparing apples to apples when we're looking at the 2008 or the 2013 estimates, because in both cases we don't know that those estimated costs were ever independently validated, and we have no idea to what extent the specifications that were used to create those estimates are different from the specifications that you used in 2021.

Would that be a relatively fair statement?

Mr. Yves Giroux: My colleagues, Chris and Eskandar, may have more information as to the potential change in the specifications that took place between 2013 and now.

I see Chris is opening his mike.

Mr. Christopher Penney: There has been some advance in terms of what the planned design was, certainly between 2013 and now. I haven't seen whole lot of change in terms of some of the major features of the polar icebreaker. There has been an increase in light ship weight. That's one thing we've observed.

As Yves has alluded to, we didn't try to reconcile what was going on it terms of the cost estimates in 2013 and now.

Mr. Anthony Housefather: Thank you.

I want to delve into the ancillary costs that you reference in your report. Based on what you had also answered to Madame Vignola before, would I be correct in assuming that—as opposed to what people perceive, which is that you are assuming the government will pay out approximately \$7.25 billion—much of the ancillary costs are actually internal costs where we're assigning portions of existing salaries paid to government employees working on the project management and design of the project into the total amount? Based on the way I read your report, this also includes some costs of salaries paid for previous years because you're using a very long time frame to estimate this \$7.25 billion amount.

• (1400)

Mr. Yves Giroux: Yes, that is right. Some of the project management costs—in fact, the vast majority of project management costs—are costs incurred by government departments that relate to the management of their projects. I don't know the extent to which these are incremental costs versus costs that would have been incurred anyway. I doubt that, to be honest.

This is consistent with estimating methodologies of other budget institutions across the world. It's consistent with budget estimates for other big procurement projects, such as the surface combatants, the CF-18s and so on.

The Chair: Thank you, Mr. Housefather.

We are going into our third round. We will start with Mr. McCauley for five minutes.

Mr. Kelly McCauley: Thanks, Mr. Giroux.

I think this will probably be more for Mr. Penney.

In terms of the \$7.25 billion estimate, I'm wondering about the design fees and whether that's based on one set design fee for both. I'm hearing stories out of the industry that Seaspan and the other possible contractor are working with separate design teams and perhaps building, in effect, separate designs.

Mr. Christopher Penney: I've heard of that as well, but at the time of this estimation, we were working with the assumption that both ships are going to be quite similar, but of course built at different shipyards.

As to how we estimated the design costs, we looked at comparator vessels that we selected and what the design costs were for them—in particular, the AOPS. We made adjustments for capability and the light ship weight, for instance.

That would be how we arrived at our estimates.

Mr. Kelly McCauley: What do you think we'd be looking at if reports that they're going to be designed to be similar but quite separately are true?

Mr. Christopher Penney: I'll let Yves answer that one.

Mr. Yves Giroux: Thanks, Chris.

If that were to be true, we would probably be looking at slightly higher design costs.

Mr. Kelly McCauley: What's the ballpark of “slightly higher”?

Mr. Yves Giroux: I don't know, honestly.

Mr. Kelly McCauley: Could the cost change considerably by the time you added design and construction?

Mr. Yves Giroux: Design costs are already quite high at \$820 million, so I'm not sure they could go that much higher, even if there were two different design teams.

Mr. Kelly McCauley: I want to ask a question that gets back to the public accounts.

Would the PBO care to weigh in on what he thinks of the staggering \$11 billion spent by the government on outside consultants, while at the same time, the public service cost grew to an even more staggering \$9 billion last year? I think we've grown the public service to 400,000, yet we've doubled or tripled the amount of money we're spending on outside consultants. We found one—of course, one of the big ones—who got a million dollars to audit the strawberry festival.

I'm wondering if you care to weigh in on such efficiencies.

Mr. Yves Giroux: We have put a tool online for parliamentarians such as yourself to look at the personnel costs in the public service by department. You can see the evolution over the last several years of total personnel costs and FTEs.

We don't, however, have such a tool for contractors and consultants, which are sometimes substituted for one another. To be honest, I haven't looked at the issue of consultancy fees in the last public accounts, but I'm sure that would lead to interesting nuggets.

Mr. Kelly McCauley: I'll bet. I've read the Auditor General audits, and then these departments, some of them tiny little offshoots of departments, are also spending hundreds of thousands of dollars to audit their books at the same time that their own internal staff are auditing the books. Does that make sense as a practice?

Mr. Yves Giroux: Maybe they're auditing recipients of grants and contributions. That could be why they are giving out contracts—or it could be the internal audit and evaluation functions. These are possibilities, but no certainties.

• (1405)

Mr. Kelly McCauley: I'd like to get back to the Treasury Board. I've been a very outspoken critic of the Treasury Board and their quite often not following Treasury Board rules. On the wage subsidy, the \$80 billion, the president admitted that they hadn't gone through the process.

The departmental results say that they follow their rules only three out of every four times on doing financial risk assessments. Considering the hundreds and hundreds of added spending, is this an acceptable practice to be ignoring one out of every four proposals?

Mr. Yves Giroux: When we're looking at expenditures in the dozens of billions of dollars, following the rules 75% of the time, or auditing a smaller proportion of expenditures, is increasing the risk that the amounts will not be fully traceable. I'd have to look more into that specific issue, but that sounds a bit concerning.

Mr. Kelly McCauley: A senior member of the government yesterday stated that it was acceptable, because there was so much money going out the door they couldn't look at it all.

The Chair: Thank you.

We will now go to Mr. Bains.

Mr. Bains, welcome to what I think may be your first committee. Welcome aboard.

You have five minutes.

Mr. Parm Bains (Steveston—Richmond East, Lib.): Thank you, Mr. Chair.

Thank you to Mr. Penney and Mr. Giroux for joining us today. I'm quite fascinated by this file. I'm a British Columbian from the coastal city of Richmond. I was working as a communications officer for the provincial government when I first learned of this announcement around Seaspan and the shipbuilding coming. It was many years ago, so I'm extremely interested in how this moves forward.

Mr. Giroux, my question is geared toward the Canadian Coast Guard. In May 2021 they explained that, according to early estimates, the construction of these ships would generate approximately 300 jobs per vessel at the shipyards and 2,500 jobs across the marine supply chain. Seaspan and the Vancouver shipyard indicated that the new ship construction program would sustain approximate-

ly 1,400 jobs at Seaspan on the Vancouver shipyard and 1,400 additional jobs across the country.

What are your views on the Canadian Coast Guard's estimates, Mr. Giroux?

Mr. Yves Giroux: I don't have views, per se, because we looked at the cost of procuring these ships. We didn't look at the economic spinoffs, the economic impacts and the benefits, or the number of jobs created. For that reason, it's very difficult for me to have an opinion as to whether these numbers are accurate or not, given that it was not within the scope of our report.

Mr. Parm Bains: Okay. Thank you for that.

On page 10, you mention a “sensitivity analysis” to determine the impact of delays. How were those delays calculated, and what's your confidence in that number?

Mr. Yves Giroux: I would probably ask Eskandar if he can jump in here and explain how we calculated the delays.

[Translation]

Mr. Eskandar Elmarzougui (Senior Analyst, Office of the Parliamentary Budget Officer): It is easy to calculate the cost of these delays. The production process is delayed, which increases project management costs. In addition, production costs will increase due to inflation. We calculate the costs by year and convert all these years to our base year, 2021.

If we delay the production process, there will definitely be higher project management costs. Production costs will be a bit higher because they will be spread over more years. Inflation will increase production costs.

The production process takes four to five years. Then we do the conversion and generate our cost for our base year. For an additional year, we will pay more management fees. Also, delaying production will cost a bit more.

This is how the calculation is done. We calculated that a one-year delay would cost us \$200 million more, and a two-year delay would cost us a little over \$400 million more. That's how we did the math.

• (1410)

[English]

Mr. Parm Bains: Okay. Thank you.

I don't have any more questions, Mr. Chair. Thank you.

The Chair: Well done, so we'll now go to Ms. Vignola.

You have two and a half minutes.

[Translation]

Mrs. Julie Vignola: Thank you, Mr. Chair.

Mr. Giroux, the pandemic has created supply problems in all sectors. The polar icebreakers are high-tech ships. If you have had the pleasure of trying to buy an electric or hybrid car, you know the current problems with technology supply.

Can breakdowns in technology supply chains impact on the cost and time taken to produce and build the ship? To mitigate this, shouldn't there be manufacturers in Canada for this type of technology, which we need?

Mr. Yves Giroux: Thank you, Ms. Vignola.

It is clear that breakdowns or interruptions in the supply chain can impact the delivery schedule of vessels of this magnitude and can also lead to cost increases.

We can already see that supply chain disruptions have had some impact on inflation. This has led us to change our assumptions about inflation in this project. This is one of the reasons why we estimated the potential costs of a one-year and two-year delay. It's also why we have a range of estimates, a range of possible costs, to account for possible disruptions in the supply chain.

Whether this is a reason to incentivize Canadian manufacturers to provide materials that could help build ships is more of a political question. Do we want to pay higher costs to have an entirely local production line, or do we want to source around the world from suppliers who can offer a better price? These questions are more about industrial policy and economic policy than my area of expertise.

Mrs. Julie Vignola: Earlier, you were saying that if the ships were built by the same yard, we would save \$600 million to \$800 million for both ships. That's huge.

At the end of the day, what could possibly explain the fact that we are missing out on these significant savings?

Mr. Yves Giroux: There are two main factors.

First of all, there is the simplification of project management, because the government would be dealing with one shipyard, rather than dealing with two partners that you have to monitor.

Then, the aspect that is probably the most important is the economies of scale generated. There is always a learning curve when doing something for the first time, and this applies to the first ship that is built. These economies of scale are realized by a shipyard and can allow the second ship to be built more efficiently, and therefore at lower cost. This is not the case when two yards both build a first ship.

The Chair: Thank you very much.

[*English*]

Ms. Vignola, you should thank Mr. Bains that he went 30 seconds short and I added a couple of seconds there for you.

We'll now go to Mr. Johns, for two and half minutes.

● (1415)

[*Translation*]

Mrs. Julie Vignola: Thank you, Mr. Bains.

[*English*]

Mr. Gord Johns: Thank you, Mr. Chair.

I have a question around labour market shortages. You cited the average cost of a worker at \$51.62 an hour.

Did you account for the labour market shortages we're facing right now? This is clearly an unprecedented time right across all industry.

Mr. Yves Giroux: That's an interesting question and I'm sorry I didn't address it the first time around.

We did not address it explicitly, but we did address it implicitly by revising our inflation projections. Labour shortages are one factor that can lead to higher inflation and we have revised our inflation projections upwards for that cost estimate.

Even though we didn't factor in labour shortages per se, higher inflation projections are taking that into consideration to a certain extent.

Mr. Gord Johns: In terms of the future years, clearly we're going to need to develop workers and ensure that we have workers trained, develop capacity and labour market strategy that's going to ensure that we have workers to build these vessels in years to come.

In your research, did you feel that the government is developing capacity and doing the important work of attraction and recruitment of workers to ensure that we can build these vessels, but also finish them, and in the long term?

Mr. Yves Giroux: We looked at the cost, and the potential cost, for completing these two polar icebreakers, but we didn't look at the broader issue of availability of qualified labour and whether government policies are currently sufficient to address labour shortages that we see in the country. That was beyond the scope of our report, which was to estimate the cost of these polar icebreakers.

Mr. Gord Johns: Given the impact of COVID and seeing the labour market shortage, seeing the skyrocketing costs of labour, especially the cost for our workers, with housing, child care and whatnot, do you foresee that potentially it could be much greater cost to develop these vessels in the long run?

Mr. Yves Giroux: In our cost estimate, we assume that the Bank of Canada monetary policy will ensure that inflation returns to its target range of 2% in the medium term by successively increasing interest rates, but if that were to not be the case, the cost would quite clearly be higher if inflation was not brought under control.

We assume that the monetary policy of the bank will be sufficiently robust to return to inflation of around 2%, but if that were to not be the case, again, costs would go up.

The Chair: Thank you, Mr. Giroux.

We'll now go to Mr. Paul-Hus for five minutes.

[*Translation*]

Mr. Pierre Paul-Hus: Thank you, Mr. Chair.

Mr. Giroux, since the meeting began, the questions have all been more or less the same. They have focused on the staggering costs. In this case, as in others, there seems to be a systemic problem. I'm referring to the delays in major procurement projects and the resulting cost overruns.

Do you think the Government of Canada has a systemic problem when it comes to large procurement programs?

Mr. Yves Giroux: The word systemic has a certain connotation in Quebec, so I won't go down that road.

However, I do see a clear pattern happening: whenever a major procurement project is involved, the initial cost estimates are significantly lower than the subsequent cost revisions.

Is it a recurring problem? Definitely.

What is causing the problem? Is it intentional, or is it due to a lack of foresight or failure to plan ahead? Is it a negotiating strategy some public servants use to obtain lower cost estimates in the hope that they will lead to lower bids? Unfortunately, I don't have those answers, but if I did, I'd be happy to share them with the committee.

Mr. Pierre Paul-Hus: Right now, all we see are cost increases.

The project management costs really get me. Eventually, I'd like you to give us more details on that. The project management costs are estimated at \$346 million and could go as high as \$405 million. Project delays result in higher costs. These increases are exponential, and I've pointed that out before. You and I have talked about the fact that we are discussing billions of dollars today the same way we used to discuss millions of dollars a decade ago. In today's terms, \$400 million is peanuts.

What accounts for the staggering project management costs?

• (1420)

Mr. Yves Giroux: I'm as shocked as you are about the project management costs, not to mention the design costs. Unfortunately, I'm not an expert in the field.

In the course of the many reports I've submitted, I've learned that the design and project management costs are based on historical data and comparable projects, specifically those related to support ships and other types of icebreakers. The numbers are based on cases in the past, but I, too, am taken aback every time.

Mr. Pierre Paul-Hus: Canada's national shipbuilding strategy was meant to foster stability in shipbuilding. This project is about icebreakers. Seaspan was awarded a contract in 2011, but it was taken away in 2019. Nothing happened for eight years. At the time, the contract was valued at \$700 million or \$1 billion. Now, the government has announced that it will once again award the contract to Seaspan—this time valued at \$3.5 billion—and that it will award a contract to Davie. Nothing was done for eight years, but all of a sudden, things are going to be better, and it's going to cost triple.

Isn't there something illogical about all this? Aren't we stuck in a vicious circle when it comes to shipbuilding?

Mr. Yves Giroux: Certainly, the lack of decision-making and the little progress that's been made over the years has contributed to the increase in management costs. People do still have to keep an eye

on things and manage the project, and that may also contribute to the increase in design costs. Obviously, as time goes by, design improvements are needed.

Other than those few observations, I unfortunately don't have an explanation for the cost differences.

Mr. Pierre Paul-Hus: In Canada, it's often necessary to involve a number of departments in a project. Fisheries and Oceans Canada wants icebreakers, but Public Services and Procurement Canada is in charge of procurement. Somewhere along the line, things get lost.

For the sake of comparison, let's look at the Australian model. In the case of defence procurement, for example, Australia ensures continuity in the process and, above all, keeps politics out of the equation. The idea is to avoid changes being made to the project whenever a new government comes to power.

Should Canada do the same thing? That was more or less the idea behind the shipbuilding strategy. Should there be another step, one that is more serious so the process wouldn't have to start over every time? At the end of the day, taxpayers are the ones footing the bill, after all.

Mr. Yves Giroux: That comes down to the governance of major procurement projects.

Public Services and Procurement Canada is in charge of those major projects. Unfortunately, my office didn't examine that. It's possible that my fellow officer of Parliament, the Auditor General, has already looked into that, so she may have some insight into better governance mechanisms for major procurement projects.

It's clear from the cost estimates I've provided to parliamentarians since becoming the Parliamentary Budget Officer that the mechanisms are in need of improvement.

Mr. Pierre Paul-Hus: Very good.

The Chair: Thank you.

[English]

We'll now go to Mr. Jowhari for five minutes.

Mr. Majid Jowhari (Richmond Hill, Lib.): Thank you, Mr. Chair.

Welcome, Mr. Giroux, to our committee again.

Not only at the outset, but also through this last hour or so, it's become quite clear that we can't use the \$1.3 billion as a base of comparison, at least because we have very little data for it. Therefore, the only number that we could use, based on the methodology that you used, is the \$7.25 billion. If you bring it down to the same level, one ship would be \$3.5 billion or \$3.6 billion. Since we don't have a comparison, we can't compare the bases.

Let me start by asking you why you picked these three ships. You talked about one being American. You also talked about two being Canadian. You commented on their size and their purpose.

Can you expand on that?

• (1425)

Mr. Yves Giroux: There are not that many ships that are comparable in both size and mission to what the government needs or plans on purchasing for polar icebreakers of that size. I think the only country that has ships that fit these two criteria is Russia and we didn't find there was sufficiently reliable data to use that as a basis for an estimate in the Canadian context.

Failing a perfectly comparable ship, we decided to go for another method of estimation, widely recognized as reliable, which is looking at both ships of comparable size even though they are not built for the same mission, and ships with a similar mission, but a different size, so polar icebreakers that are smaller.

By combining these two estimates, we arrive at an estimate for this type of ship and that size that is fairly reliable.

We also looked at the Canadian context to estimate costs in the Canadian context so historical data for ships that have been built, or are in the process of being built, in Canada, to take into consideration the Canadian costs, and design, acquisition and productivity differences for Canadian shipyards.

Mr. Majid Jowhari: Thank you.

Much has been discussed about project management, and the design and the costs of that. Also, we have to acknowledge that the acquisition costs, which I believe are the construction costs, are to the tune of \$6.1 billion.

There seems to be sufficient breakdown of the project management and the design, but when I go to page 13 when you're talking about modelling, you seem to have made an attempt to break down the costs of the construction, which I assume is also called acquisition. You're talking about initial studies, analysis, engineering support, initial spares, system tests, trials and evaluation.

Is there a breakdown of the \$6.1 billion by those categories that we might be in a position to be able to look at?

Mr. Yves Giroux: I will ask Chris and Eskandar if they have that breakdown.

Mr. Christopher Penney: The way it works in our model is that the historical data we used had those cost categories all included in one bucket, if you will, and so we were using that as our base data to do the projection. You're projecting for all those categories simultaneously.

This is a long-winded way of telling you, yes, it's possible for us to obtain that breakdown, but it would take some work on our end.

Mr. Majid Jowhari: The specific line item I was interested in was the initial spares. I don't know how much that is, but it would have been good because when you do the costing, it's usually costs of the acquisition and build. For the spares I'm not sure what costing models....

I want to go back quickly. It looks like the design started in 2016 and now we're in 2022. Has the design changed, or has it been enhanced and the specification has been improved since then to put you in a position to be able to quickly firm up those estimates and narrow that range?

I know I don't have much time. I want to ask one more question, and, hopefully, you get to answer it.

We have looked at other costing models. Have you looked at outsourcing costing models? I know that might be a controversial question, but we seem to be looking at potentially a \$680-million saving. I want to know how much the saving is if these things were outsourced.

Thank you.

The Chair: I'm sorry for interrupting you, Mr. Giroux, but, unfortunately, we have run out of time.

If you can provide the answer to the question to the committee in writing, it would be greatly appreciated.

Thank you very much.

We will now go to our fourth and final round.

We will go for five minutes with Mr. Lobb.

Mr. Ben Lobb: In some of these large projects whether they are public or private—in this case it's public—how many of the actual tasks and dollars are done by the company that bid on the project and how many are actually farmed out to other firms? Is it close to 100%, the work that is going to be done? Obviously, there are the people who are right in the shipyard when they are building it, we know that, but I'm saying from now until they actually start cutting steel or making steel.

• (1430)

Mr. Yves Giroux: I think Chris or Eskandar might be in a better position to answer that question.

I see him smiling, so maybe I'm wrong.

Mr. Christopher Penney: Unfortunately, I'm not in a much better position than you are, Mr. Giroux.

I can certainly say that subcontractor costs are included in our estimate, but I can't hazard what percentage that would be.

Mr. Ben Lobb: It's something that would be helpful when DFO or whoever finally comes up and offers another costing to open everybody's eyes as to how much actually each one....

Mr. Yves Giroux: That would be a very good question for the Minister of Fisheries and Oceans. If she cannot provide an answer immediately, I'm sure her officials would be able to provide that in writing to the committee.

Mr. Ben Lobb: In addition to that, how much of the billable hours and work would actually be done on Canadian soil by Canadians? Is a lot of this being outsourced around the world, or is this all being done by Canadians in Toronto, Montreal, Vancouver, and all points in between?

Mr. Yves Giroux: I would think that most of the work would be done domestically, which is what would explain the cost differential. I cannot rule out that a significant portion—and “significant” remains to be defined—could be outsourced abroad. First and foremost, given that it's Vancouver and Davie, then most of the work would be done domestically. Again, there would be domestic parts, but there could be imported parts as well.

Mr. Ben Lobb: When you were working on this, did they offer any of that information, or was that just a couple of steps down the road?

Mr. Yves Giroux: Yes, I think it's a few steps down the road. I don't think we have that detailed information on what the two shipyards will do and the extent to which they will outsource as opposed to doing it themselves, or outsource to Canadian or foreign suppliers. I think those are further steps down the road.

Mr. Ben Lobb: I think back to 2008 when the announcement was made. I think it had two components, one was arctic sovereignty and the other was coming out of the economic disaster to create some economic activity for the next 20 years. I think those were the two accomplishments. But, if an unreasonable portion of the work is outside of Canada, then I think that would be unacceptable.

Now that I hear about this project and your presentation today, I think of some of the refurbishments that are taking place in Canada's nuclear industry and the refurbishments of the CANDU reactor, and each one was more efficient....

I have nothing against either shipyard, but I do see issues with cost-effectiveness, repeatability and learning from mistakes when you're basically a continent apart. I know you did mention a little bit of it, but that has to be a huge issue going forward.

Mr. Yves Giroux: It certainly is a cost driver when you have shipyards that are not building the same ship. When you attribute the contract to two different shipyards it increases the cost.

There are other factors than cost that enter into that decision-making process, which I don't comment on, like regional economic benefits and so on.

Mr. Ben Lobb: Were you able to see any of the contracts or terms to see what the penalties were for going over budget, late production, any of those kinds of terms?

Mr. Yves Giroux: I don't remember off the top of my head whether there were penalties. We focused on the cost. We didn't focus on the scrutiny of the contract. I'd have to get back to you on that specific aspect.

The Chair: Thank you, Mr. Lobb.

Now we'll go to Mr. Kusmierczyk for five minutes.

Mr. Irek Kusmierczyk: Thank you, Mr. Chair.

Thank you very much, Mr. Giroux, for an excellent discussion on this subject.

On page 8, you make assumptions about the timelines of the project. I wanted to get a sense of what these assumptions are based on, and whether you've had conversations, whether there has been a back and forth with DFO and PSPC, to help inform those timeline assumptions that are made in the report.

• (1435)

Mr. Yves Giroux: We use the timelines based on the government's announcements and statements that the first ship would be in the water by 2030. From that announcement and commitment we worked backwards looking at the experience in building ships of a similar size, a different size, same mission and so on, in the Canadian context. That's how we arrived at a build-start of 2023-24. Knowing that this can fluctuate and there could be changes, we also factored in a delay. That's why we have a sensitivity analysis.

On the question of whether we had contacts with DFO, yes, we did, to ensure that we were not out in left field. We had discussions with them, first, because we needed some data and also because we needed to have some questions answered. We're not experts in everything that we do, but we strive to make the best estimates possible.

Mr. Irek Kusmierczyk: I apologize if this question was asked before. Are taxes included or calculated for this project? If so, what's the estimate of how much taxes could be?

Mr. Yves Giroux: It's a question that I'm not surprised to have, but I'm pleased to have.

We included taxes in previous cost estimates related to DND, and it led to some side discussions in some quarters about whether it's appropriate to include taxes or not, and whether DND and the government are subject to taxes. It led to a side discussion that was not central to the point of the report, which is the cost estimate.

We decided to exclude taxes from this estimate to avoid a repeat of that discussion as to whether the government does pay tax, should pay tax, gets it back and so on. That easily goes down a rabbit hole that is not the cost estimate.

Mr. Irek Kusmierczyk: I understand completely.

We've had an exhaustive conversation here on shipbuilding and icebreakers. I've pretty much asked all the questions that I have on this project. They've been answered. Thank you very much for bringing your answers and insights here.

I want to ask some general questions for folks who might be watching the committee.

There's a universe of issues and subject matter that the PBO could study, and time and resources are limited. How does PBO decide what to study? What about this project got your attention, so to speak?

Mr. Yves Giroux: That's an interesting question that I don't often get asked.

There are things that I have to look at, for example, budgets, estimates and so on. I also have to respond to requests from the four committees that are named in my enabling legislation. I tend to also value other committees that request something of me very highly. That's usually top of the list.

After that, I go by interest of parliamentarians. It's a combination of interests from parliamentarians and items that have a big price tag attached to them. There are lots of amounts at stake and big dollars. This qualifies on two counts, with the big dollar amounts and the interest from parliamentarians from multiple parties.

Finally, individual parliamentarians or items that are less expensive or have less revenue-generating capacity tend to be lower down the totem pole, unfortunately.

Mr. Irek Kusmierczyk: Thank you very much, Mr. Giroux.

I would also like to thank Mr. Penney and Mr. Elmarzougui for being here today and sharing their expertise. Thank you so much.

Mr. Chair, those are all the questions that I have.

The Chair: Thank you, Mr. Kusmierczyk.

I will go now for two and half minutes to Ms. Vignola.

[Translation]

Mrs. Julie Vignola: Thank you, Mr. Chair.

Mr. Giroux, earlier, Mr. Paul-Hus brought up the notion of a systemic problem in estimating the costs of major projects. I won't dwell on the exact wording he used.

That gave me an idea. When a major project is announced or is in the works, would the government do well to seek out your services? The government could give you the specifics of the project in order to have you put together a comparative cost analysis. Wouldn't that be a better use of taxpayer money and a more transparent way of doing things?

• (1440)

Mr. Yves Giroux: That would certainly be possible in relation to the costs.

As for the specifics of the project, that information would have to be provided to us, since we obviously can't determine what the project scope or type should be. That isn't part of my responsibilities; nor would I want it to be.

If the government decided to ask us for a project cost estimate from the outset, we could certainly do that if we had access to solid and relevant information.

When you compare the work that was done in 2021 with the work that was done in 2018 or 2017, say, you see a slight difference because the quality of the data may not have been quite the same. Certainly, it's something we can do, provided we have comprehensive and reliable data to the extent possible.

Would it be a good idea? That is a matter for parliamentarians to decide, not me. Naturally, if parliamentarians asked me to undertake such an exercise, I would give it very serious consideration.

Mrs. Julie Vignola: Thank you very much.

I'm always looking for the most efficient way of doing things so that the cost estimates we have are as accurate as possible.

It's like building a house, don't you think? Let's say I didn't do a proper cost estimate and I figured the house would cost \$100,000 to build, but it end up costing \$500,000. That would hurt.

Thank you, Mr. Giroux, for being so patient and answering our questions. You have given us a lot of insight into this matter.

[English]

The Chair: Thank you, Ms. Vignola.

We'll go now to Mr. Johns for two and a half minutes.

Mr. Gord Johns: Thank you both for the important work you're doing. It's very much valued.

I'm really excited about building capacity in Canada, and the national shipbuilding strategy and the implementation of it, but I always want to make sure that we're being environmentally and socially responsible.

In my riding, a big issue right now is around shipbreaking, as we see the retirement of vessels such as B.C. ferries and international vessels come into our riding.

It has been highlighted by a local area director, Daniel Arbour from the Comox Valley Regional District, and an international NGO shipbreaking platform.

We understand that shipbreaking and recycling is necessary, but certainly it's hazardous. It's an activity that bears high environmental and labour risks and we have to establish an emerging international standard, such as the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, the Basel Convention and the EU ship recycling regulation, which point at gaps in Canada's shipbreaking policies and regulations. It really requires public investment dollars to qualified shipbreaking facilities to help them meet new standards and regulations.

In your work, did you cost out the retirement of the *Louis S. St-Laurent* and also the vessels that we're going to be building? Is that built into the cost to ensure that at the end of life of these vessels, we're shipbreaking in an environmentally sound, sustainable and responsible way and meeting international standards?

Mr. Yves Giroux: We looked at the cost of procuring these two additional ships, but we did not look at the cost of extending the life of the *Louis S. St-Laurent* nor of its retirement, because that was not within the scope of that report, nor did we look at the cost of operations and maintenance of these two newly acquired ships. I understand these costs would be significant over a 40-year lifespan, but we solely focused on the procurement costs of these two new polar icebreakers, and nothing on the *Louis S. St-Laurent*.

Mr. Gord Johns: Do you believe they should be baked in, at least the retirement costs, in these vessels, so that we're not leaving them to future generations in not costing them out and in being irresponsible?

We want to develop [*Technical difficulty—Editor*] and build more ships here at home, domestically, but this is something that I believe is falling under the radar.

Mr. Yves Giroux: I don't disagree with you at all that these things have to be retired responsibly. I think the retirement costs of these two new polar icebreakers would probably fall into the operations and maintenance over a 40-year expected lifetime, and the lifetime of these ships could be extended by refurbishment. Therefore, we're looking at costs that are, at the very least, 40 years down the road, or maybe 50 or more years down the road.

However, clearly when the decision is made to acquire new ships, the government should take into account the fact that these ships will have to be retired and dismantled properly to ensure that they don't pose an environmental hazard.

• (1445)

The Chair: Thank you.

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

Mr. Kelly McCauley: In regard to Mr. Johns' comments, I think we have to realize that this is Canada. Those ships will probably be in service for 120 years, not just 40.

I saw your report that you released, I think it was this week, on the federal national child care plan. Can you just give me the Coles Notes on that?

On your summary page, it says that with the government-announced funding in the budget, we're going to have 182,000 fewer spaces than would be required to meet the demand for licensed child care spaces.

Can you walk us through that? What exactly does that mean? Does that just mean it's underfunded, that the government hasn't projected enough costs?

That's solely the federal side. What about the matching provincial side?

Mr. Yves Giroux: We looked at what happened in some jurisdictions in the country where child care fees have been lowered, namely Quebec. We also looked at how much demand there is, looking at the demographics for that age group that goes into day care and the expected population over the next several years. We also looked at current costs and the demand, the unmet demand and the demand, and we arrived at an estimate that, with the current funding....

The lower fees will be inducing higher demand, which is what happened in Quebec over the last several years. Taking into consideration the amounts that have been mentioned and set aside and the agreements with provinces, we estimate that the funding will lead to a shortfall of about 182,000 full-time spaces for child care at that price level.

Mr. Kelly McCauley: That's 182,000 short. Is that for outside of Quebec or is that including projected added demand in Quebec, even though it has its own system?

Mr. Yves Giroux: I think it's outside of Quebec, if I am not mistaken.

Mr. Kelly McCauley: Quickly, I want to get back to the public accounts. We show a \$1.4-trillion interest-bearing debt, and we hear the government talk about lowest net debt-to-GDP ratio compared to the G7, but when we consider the gross debt, if you take out the government counting CPP and QPP assets that are already committed for seniors.... When you take the gross stat, we're fourth of the G7 and 25 or 29 out of the OECD. Do you think we should be using the gross stat, considering this money in the CPP and QPP is money set aside for seniors?

Mr. Yves Giroux: That's a good question, and it's been the subject of debates among many economists and those who watch public finances.

The reason for including the assets of the QPP and CPP is that other countries also have obligations to their pensioners in programs that are broadly similar to the CPP and QPP, but they have not prefunded at least in part some of these obligations.

Mr. Kelly McCauley: [*Inaudible—Editor*] are investing the money into provincial and government bonds so they have a net debit/credit that provides a more clear position as opposed to ours that is buying natural assets.

Mr. Yves Giroux: Some countries are just writing an IOU on their books without having set aside any money. That's why it's leading to debate, because, on the one hand, you have these countries not really setting aside money. On the other hand, in Canada, we have CPP and QPP assets that are included to reduce net debt, but are not really within the control of the government because they're set aside for a specific purpose. The short answer to your question is that I think we have to look at both net and gross debt to paint an accurate picture.

Mr. Kelly McCauley: Just quickly, thank you, Chris and PBO, for all the work on the icebreakers.

What should this committee be looking for six months down the road? What red flags should we be looking at coming down the road for us? Is it having two different designs or delays? Do you have any thoughts for us?

• (1450)

Mr. Yves Giroux: I think whether the project is scheduled to be on time in this state of advancement of the project would be something to watch for, because delays can often lead to increases in costs.

Mr. Kelly McCauley: Thank you very much.

Mr. Yves Giroux: It's my pleasure.

The Chair: Thank you.

We are now to our last person for questions.

Ms. Thompson, you have five minutes.

Ms. Joanne Thompson: Thank you.

I'd like to read a clarification to Mr. McCauley's statement in the previous round. "With regard to the Treasury Board's departmental results report, it is reported that targets were exceeded for large departments to maintain a system of internal controls to mitigate the risks to programs' operations and resource management and Treasury Board submissions transparently disclosed financial risk to help cabinet make decisions. With regard to consulting costs, past under investments resulted in significant technical debt as IT infrastructure ages. Aging software systems can be costly to maintain, are at a risk of performance failures and are prone to service interruptions. Thanks to recent investment in critical upgrades and modernizing Canada's IT infrastructure, we've made continued progress."

Could you please comment on the importance of investment to modernize IT capacity and the hard lessons from the previous government, which used digital transformations as cost-cutting exercises that saddled taxpayers with higher costs down the road and hurt the public service?

Mr. Yves Giroux: I don't think I would do justice to your question if I tried to provide an answer to that, not being an IT expert and not having looked at that issue recently. It would be very difficult for me to determine whether investments in IT are appropriate or not insufficient without being an expert or having looked at that issue.

I know these systems are of critical importance from my years working at the CRA, where the assistant commissioner there did wonders to keep the systems together, but beyond offering that anecdotal comment, I cannot provide a reasonable or plentiful answer. I'm sorry about that.

Ms. Joanne Thompson: In conclusion, I would like to say that for me, certainly as someone on the east coast, this is an incredibly important project and I certainly realize that in terms of cost analysis it has been difficult to find a ship that would really have the capacity of the current flagship, the *Louis S. St-Laurent*. Then to project that into the very exciting multidisciplinary scientific research of the proposed new vessel with the icebreaking capacity to truly be a vessel that really can navigate into the North Pole is quite challenging, but I look forward to seeing this project start in short order.

I do not have any other questions. You've been very patient with the cost analysis.

Thank you very much.

The Chair: Thank you, Ms. Thompson.

With that, I want to thank Mr. Giroux, Mr. Penney and Mr. El-marzougui.

I want to thank you for staying with us for the full two hours and for answering all these questions. We really do appreciate it.

I'd also like to thank the interpreters and the technicians for coming in today and being here for us so that we can hold this meeting both virtually and in person. Thank you to everybody for doing that.

To the committee, thank you very much. We said we'd stay on time. We're five minutes under time.

With that, I declare the meeting adjourned.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :
<https://www.noscommunes.ca>