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CANADA

THE BENEFITS DELIVERY MODERNIZATION PROGRAMME

Report of the Standing Committee on Public Accounts

John Williamson, Chair

**OCTOBER 2025
45th PARLIAMENT, 1st SESSION**

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NOTICE TO READER

Reports from committees presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

has the honour to present its

FIRST REPORT

Pursuant to its mandate under Standing Order 108(3)(g), the committee has studied Report 8, The Benefits Delivery Modernization Programme, of the 2023 Reports 5 to 9 of the Auditor General of Canada and has agreed to report the following:



THE BENEFITS DELIVERY MODERNIZATION PROGRAMME

KEY FACTS AND FINDINGS OF THE AUDITOR GENERAL OF CANADA

- In the 2022–2023 fiscal year, the federal government planned to provide about \$125 billion in Old Age Security and Canada Pension Plan benefits to about 8.3 million Canadians and about \$25 billion in Employment Insurance benefits to about 2.6 million Canadians.
- The Benefits Delivery Modernization programme was launched in 2017 and was supposed to finish by 2030. Since its launch, Employment and Social Development Canada encountered numerous obstacles and delays in its implementation. For example, the department revised its estimated date for migrating Old Age Security benefits to a new platform from December 2023 to December 2024 and told the Office of the Auditor General of Canada (OAG) that any delays encountered during the migration may shift the completion date to December 2025. The OAG review indicated that there is a significant risk this will happen.
- In 2017, the department’s initial estimated cost of the programme was \$1.75 billion. This estimate has increased twice since then and is likely to increase again. As of the latest estimate in April 2022, the cost had increased by 43% to \$2.5 billion, even though no benefits had yet moved to the new platform.¹

1 Office of the Auditor General of Canada (OAG), The Benefits Delivery Modernization Programme, Report 8 of the 2023 Reports of the Auditor General of Canada, [At a Glance](#).



SUMMARY OF RECOMMENDATIONS AND TIMELINES

Table 1—Summary of Recommendations and Timelines

Recommendation	Recommended Measure	Timeline
Recommendation 1	That, by 31 January 2026, Employment and Social Development Canada provide the House of Commons Standing Committee on Public Accounts with a revised detailed cost estimate for the Benefits Delivery Modernization programme, and information on the programme’s revised business case, implementation schedule, and benefits realization plan.	31 January 2026
Recommendation 2	That, by 31 January 2026 Employment and Social Development Canada provide the House of Commons Standing Committee on Public Accounts with information on the frequency at which it will revise and report on its cost estimates and timelines for the Benefits Delivery Modernization programme.	31 January 2026
Recommendation 3	That, by 31 January 2026, Employment and Social Development Canada provide the House of Commons Standing Committee on Public Accounts with a report on the resource requirements for the remainder of the project, and how it plans to address any staffing gaps, split by internal and outsourced resources.	31 January 2026

Recommendation	Recommended Measure	Timeline
Recommendation 4	That, by 31 January 2026, Employment and Social Development Canada provide the House of Commons Standing Committee on Public Accounts with a report on the latest risk log for the Benefits Delivery Modernization programme, with program- and project-level detail, along with information on how often the risk log is updated and what guidance and training is provided to those responsible for maintaining the risk log.	31 January 2026
Recommendation 5	That, by 31 January 2026, Employment and Social Development Canada provide the House of Commons Standing Committee on Public Accounts with a breakdown of the total project estimate for fiscal years 2017 to 2025 and actual expenditures as at 31 December 2024, or based on the most recent data, by type of cost and including the cost for internal salaries, professional services, including professional service fees and travel expenses, software and IT infrastructure, internal services, additional Shared Services Canada costs and sales tax.	31 January 2026
Recommendation 6	That, by 31 January 2026, Employment and Social Development Canada provide the House of Commons Standing Committee on Public Accounts with a contingency plan with respect to the launch of the platform to prevent recipients from being left without income.	31 January 2026



INTRODUCTION

The Benefits Delivery Modernization programme is an information technology (IT) project that aims to migrate the systems used to deliver Old Age Security (OAS), Canada Pension Plan (CPP) and Employment Insurance (EI) benefits, to a cloud-based platform and to transform the user experience to meet the needs of diverse groups. Employment and Social Development Canada (ESDC) is leading this modernization project – the largest of its kind undertaken to date by the federal government. The project had an initial cost estimate of \$1.75 billion, with completion scheduled for 2030.²

In 2023, the Office of the Auditor General of Canada (OAG) released a performance audit whose aim was to determine whether ESDC, with the support of the Treasury Board of Canada Secretariat (TBS), Shared Services Canada (SSC) and Public Services and Procurement Canada (PSPC), managed the Benefits Delivery Modernization programme to protect the continuity of OAS, CPP and EI benefits and whether its support for the transition of IT systems and business processes was on track to deliver accurate and timely benefits to Canadians. The OAG identified this audit as important considering that more than 10 million Canadians rely on these three types of benefits to meet their day-to-day needs, and the IT systems that deliver them are decades old and at risk of failure.³

At the same time, the OAG released a related audit on Modernizing Information Technology Systems that examined how lead federal organizations supported other departments and agencies in modernizing IT systems.⁴

On 14 December 2023, the House of Commons Standing Committee on Public Accounts (the Committee) held a hearing on these two audits, with the following in attendance:

- OAG—Andrew Hayes, Deputy Auditor General; Patrice Malboeuf, Director; and Jocelyn Matthews, Director;
- ESDC—Paul Thompson, Deputy Minister; Cliff Groen, Associate Deputy Minister and Business Lead, Benefits Delivery Modernization; and John Ostrander, Technical Lead, Benefits Delivery Modernization;

2 OAG, [The Benefits Delivery Modernization Programme](#), Report 8 of the 2023 Reports of the Auditor General of Canada, paras. 8.1 and 8.3.

3 Ibid., paras. 8.9–8.10.

4 Report 7 of the 2023 Reports of the Auditor General of Canada, [Modernizing Information Technology Systems](#).

- PSPC—Arianne Reza, Deputy Minister; and Mollie Royds, Associate Assistant Deputy Minister, Procurement Branch;
- SSC—Scott Jones, President; Shannon Archibald, Assistant Deputy Minister, Hosting Services; and Scott Davis, Chief Financial Officer; and
- TBS— Catherine Luelo, Deputy Minister and Chief Information Officer of Canada.⁵

Table 2 defines a key term used in the audit report.

Table 2—Definition

Gender-based analysis plus (GBA+)	An analytical process that provides a rigorous method for the assessment of systemic inequalities and a means to assess how diverse groups of women, men, and gender-diverse people may experience policies, programs, and initiatives. The “plus” acknowledges that gender-based analysis goes beyond biological (sex) and socio-cultural (gender) differences and considers many other identity factors, such as race, ethnicity, religion, age, and mental or physical ability.
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Source: Office of the Auditor General of Canada, [The Benefits Delivery Modernization Programme](#), Report 8 of the 2023 Reports of the Auditor General of Canada, Definition.

FINDINGS AND RECOMMENDATIONS

OAG Audit Findings and Recommendation

The OAG’s main finding was that delays and cost overruns could jeopardize the Benefits Delivery Modernization programme’s transformation plans to improve benefits delivery. In particular, the audit identified shifting priorities and rising costs, and resourcing challenges in connection with the programme. Overall, the OAG found that ESDC has encountered numerous obstacles in its implementation of the programme and estimated costs have increased significantly since 2017.⁶

5 House of Commons Standing Committee on Public Accounts (PACP), [Minutes](#), 1st Session, 44th Parliament, 14 December 2023, Meeting No. 92.

6 OAG, [The Benefits Delivery Modernization Programme](#), Report 8 of the 2023 Reports of the Auditor General of Canada.



According to the OAG, several “reviews conducted or commissioned by the government identified delays, cost increases, and adjustments to implementation plans.”⁷ In June 2022, a TBS review “identified significant concerns in several areas including timelines, scope, and costs,” and “recommended that [ESDC] focus on migrating legacy systems before transformation.”⁸ In response, ESDC focused on the migration component first, moving the next steps of transformation to a subsequent phase.⁹

In November 2022, a case study by PwC found that the initial cost estimates for the project’s software and implementation were well below the average comparator project and the industry average.¹⁰

The OAG also found that “the department still has work to do to understand and address the security risks associated with the release of [OAS] on the new platform.”¹¹ In January 2023, TBS “identified the need to implement a higher level of cloud security control for the new platform than what [ESDC] had planned.”¹² Following a March 2023 review by ESDC, the department made the decision to do so, with the potential impact of further delays.¹³ After OAS, EI is the next benefit program scheduled to migrate to the new platform between 2025 and 2028, which the OAG noted will be a complex migration with an ambitious scope.¹⁴

According to the OAG report, the latest programme estimates include costs as high as \$3.4 billion and potential delays of up to four years.

Consequently, the OAG recommended the following:

Using its experience with the Benefits Delivery Modernization programme, Employment and Social Development Canada should work with the Treasury Board of Canada Secretariat to

- develop and implement a more realistic and precise approach to estimating and reporting costs for large, multiyear information technology projects that

7 Ibid., para. 8.19.

8 Ibid., para. 8.17.

9 Ibid.

10 Ibid., para. 8.27.

11 Ibid., para. 8.20.

12 Ibid.

13 Ibid., para. 8.19.

14 Ibid., para. 8.22.

will be used by the programme going forward and also by other government departments planning similar projects

- ensure that any future changes (including to cost estimates or timelines) do not result in the transformation component being curtailed or eliminated

In carrying out this recommendation, we encourage the department to consider approaches that have been used in other types of long-term initiatives.¹⁵

Government Action Plan: Key Milestones and Dates

In its detailed action plan, ESDC noted that “[w]ork on [Benefits Delivery Modernization] is well underway, and in June 2023, ... was successfully deployed for over 600,000 foreign benefit recipients. The [programme] remains on track to go live with all remaining OAS beneficiaries by December 2024.”¹⁶ More recently, ESDC indicated that it plans to finalize the migration of OAS benefits in 2025.¹⁷ The detailed action plan also stated that (with the support of TBS) the department would work to improve and document the cost estimation techniques and methodologies used to create credible cost estimates for the programme, using an iterative methodology that converges top-down and bottom-up approaches, by 31 March 2024. In particular, during initial project phases, ESDC will apply a top-down approach “based on high level requirements and assumptions in alignment with Government of Canada standards and best practices.”¹⁸ In later project phases, ESDC will apply a bottom-up costing approach “that will refine the requirements and assumptions and will allow for greater precision and enhanced level of detail on each cost estimate.”¹⁹ Finally, as one of the “pathfinder programmes,” ESDC will share their documented costing approach and results with TBS to guide and support other complex projects.²⁰

On the same theme, the TBS detailed action plan stated that it would have targeted costing guidance on information management and IT enabled initiatives available for the Government of Canada Costing community by 31 December 2023.²¹ This new

15 Ibid., para. 8.31.

16 Employment and Social Development Canada (ESDC), [Detailed Action Plan](#), p. 1.

17 ESDC, [Employment and Social Development Canada’s 2025 to 2026 Departmental Plan](#).

18 ESDC, [Detailed Action Plan](#)., p. 2.

19 Ibid.

20 Ibid., p. 3.

21 Treasury Board of Canada Secretariat (TBS), [Detailed Action Plan](#), p. 1.



supplemental guidance was published on the government’s costing community of practice page in November 2023.²²

The ESDC detailed action plan also states that by 31 March 2024, it “will update its risk and issue management processes and use industry leading tools to quantify contingency, and to address and mitigate risks as early as possible.”²³

Finally, ESDC will implement measures to protect the transformation component of the programme by 31 December 2023, for example, by ensuring that key documents “articulate the key transformation capabilities required and ensure continued focus on delivering a transformed service experience”²⁴ and by updating its change control process to include an “impact analysis of the change on the transformation objectives and the identification of appropriate mitigations as needed.”²⁵

Evidence

Cost Estimates

The Benefits Delivery Modernization programme’s initial cost estimate was \$1.75 billion.²⁶ At the Committee’s request, ESDC provided a breakdown of the initial cost estimate of \$1.75 billion, referred to as the “rough order of magnitude” based on preliminary estimates (see Appendix A). The breakdown by cost type and by fiscal year includes estimated costs for internal salaries, professional services, IT software and infrastructure, allocated internal services, additional SSC costs and tax on goods and services.

Paul Thompson, Deputy Minister, EDSC, told the Committee that since 2017, the programme has spent \$817 million, and that Treasury Board approvals to date amount to \$2.2 billion.²⁷ He noted that this significant investment will occur over a 10-year

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- 22 Government of Canada, GCpedia, Costing Community of Practice, [Beyond the Basics – IM/IT Cost Estimation](#).
- 23 ESDC, [Detailed Action Plan](#), p. 3.
- 24 Ibid.
- 25 Ibid., pp. 3–4.
- 26 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 14 December 2023, [Meeting No. 92](#), 1125. Of note, the cost estimate was revised in 2020 from \$1.75 billion to \$2.2 billion.
- 27 Ibid., 1120.

period and that total benefits in excess of \$1.5 trillion will be delivered to Canadians over the lifetime of the new platform.²⁸

According to information provided to the Committee by ESDC, presented in Appendix A, the 2020 revised cost estimate of \$2.2 billion includes a \$450 million-increase in tranche 1 costs for “previously unknown and unquantified estimates related to the complexity of unravelling hundreds of legacy applications and the migration of millions of client files; the everchanging cyber security landscape; and an overall increased effort to execute the project.” This information is also presented in Appendix A; however, the amounts are not presented by cost type or allocated to a specific fiscal year.

Regarding revisions to cost estimate, Paul Thompson noted that some project phases remain fairly speculative, with costing work underway.²⁹ Cliff Groen, Associate Deputy Minister and Business Lead, Benefits Delivery Modernization, indicated that a revised budget is expected in the next four to six months, in the April to June 2024 timeframe.³⁰ The Committee requested that ESDC provide this revised detailed budget. In addition to revised cost estimates, the OAG reported that the department planned to update several key programme documents by November 2023, including the business case, implementation schedule and benefits realization plan.³¹

Therefore, the Committee recommends that:

Recommendation 1—A detailed cost estimate

That, by 31 January 2026, Employment and Social Development Canada provide the House of Commons Standing Committee on Public Accounts with a revised detailed cost estimate for the Benefits Delivery Modernization programme, and information on the programme’s revised business case, implementation schedule, and benefits realization plan.

In terms of the magnitude of the costs, Cliff Groen commented that “there is an inherent need for continued investment and maintaining the systems that deliver very complex programs across all of the Government of Canada.”³² He noted that “[i]f [the federal

28 Ibid.

29 Ibid., 1125.

30 Ibid., 1150.

31 OAG, [The Benefits Delivery Modernization Programme](#), Report 8 of the 2023 Reports of the Auditor General of Canada, para. 8.21.

32 House of Commons Standing Committee on Public Accounts, 1st Session, 44th Parliament, 14 December 2023, [Meeting No. 92](#), 1215.



government]had made these investments, and [ESDC was]no longer on a 60-year-old system for [OAS], [it]would not be seeing the costs [it has]right now to deliver Benefits Delivery Modernization.”³³

ESDC has made numerous investments to date on stabilizing the systems to minimize the risk of failure. Cliff Groen emphasized that if there were any technical issues, these would be addressed through the department’s emergency management systems and through their disaster recovery program.³⁴

Resourcing Challenges

Catherine Luelo, (outgoing) Deputy Minister and Chief Information Officer of Canada (CIO), TBS, acknowledged that the lack internal staffing and external resources are a challenge for the Benefits Delivery Modernization programme. However, she noted that she was more concerned about having “the right work done better versus doing more work.”³⁵

Cliff Groen estimated that there are about 965 public servants working on the programme in fiscal 2023–2024.³⁶ According to Paul Thompson, expertise for complex IT projects like Benefits Delivery Modernization do not all reside within the federal public service. As such, it is important to look to lessons learned from other jurisdictions and leverage help from external experts like experienced vendors.³⁷

Regarding external resources, the estimated value of outsourced contracts since 2017 totals about \$669 million.³⁸ In particular, Cliff Groen indicated that the majority of the contracts are with the four main system integrators, and that “since 2017 there have been lots of other smaller dollar value contracts.”³⁹ According to him, all significant dollar value contracts over the \$40,000 sole-source limit for services have been

33 Ibid.

34 Ibid., 1225.

35 Ibid., 1140.

36 Ibid., 1150.

37 Ibid.

38 Ibid.

39 Ibid.

competitive procurements or filled through national standing offers that are determined through competitive processes.⁴⁰

The Committee requested additional information on all individual contracts under the programme, including any outreach leading to those contracts and the metrics and scoring criteria used to determine contract awards.

In response to the Committee's request, as shown in Appendix B, ESDC provided information on the procurement strategy and procurement sequence, which was primarily done through open competition to assemble a "robust supplier ecosystem" consisting of the core technology software supplier, other ancillary software suppliers and four systems integrators. In particular, an invitation to qualify was publicly posted to identify suppliers for two streams – core technology vendor and system integrators. The core technology vendor contract was awarded to IBM Canada. With respect to the system integrators, as also noted in Appendix B, the project was divided into three tranches of "work packages" that allows the Government of Canada to invite the qualified systems integrators to bid on solicitations and work collaboratively through equal allocation work for Benefits Delivery Modernization solutions. Additionally, the project leverages numerous suppliers to address capacity and speciality gaps.

In response to the Committee's request, ESDC also provided a detailed list of individual contracts related to Benefits Delivery Modernization. The detailed list includes the vendor's name, procurement order type (i.e., call-up, contract, professional services, purchase order, service agreement, standing offer, task authorization, or temporary help services), information on the scope of work, order date and order value. It also includes information on the tender advertisement, the contract solicitation approach, the evaluation procedures and basis of qualification, whether the procurement followed a competitive or non-competitive approach, and where applicable, the sole-source justification. There are certain contracts above the \$40,000 sole-source limit that were awarded following a non-competitive procurement process; the justification for each was provided as well. The detailed list also includes a link to the publicly available evaluation procedures and basis of qualifications for individual contracts. Where the information is not publicly available, ESDC provided the Committee with the related information. Of note, Appendix C provides a glossary of key procurement terminology.

40 Ibid.



Project Governance

At the time of the Committee’s study, the programme’s governance included accountabilities through several ministers, formerly led by the Minister of Citizens’ Services for ESDC, the Honourable Terry Beech, as well as the former Minister of Labour and Seniors, the Honourable Seamus O’Regan Jr., responsible for OAS and CPP, and the former Minister of Employment, Workforce Development and Official Languages, the Honourable Randy Boissonnault, responsible for EI.⁴¹ The Committee requested information on ministerial briefings specific to the programme, which is presented in Appendix D.

Previously, in 2021, the OAG released a performance audit that found that “for the Benefits Delivery Modernization program, [ESDC’s] governance structure lacked clear accountabilities.”⁴² In addition, the audit noted that “an independent review of the program [from 2019] reported unclear accountabilities and gaps in the program’s formal processes for decision making.”⁴³ Still according to the audit, in December 2019, ESDC had not yet finalized its governance framework when it awarded a pilot contract to a supplier for the program’s core technology. The governance framework was finalized in February 2021.⁴⁴

According to Catherine Luelo, Benefits Delivery Modernization is a good example of how the federal government looked at past failures, like Phoenix, and applied those lessons learned.⁴⁵ Paul Thompson highlighted that the programme has “a dedicated senior level leadership in place for both the business and technical aspects of the project, both of whom have significant combined experience in the public and private sector.”⁴⁶

In terms of other improvements, Cliff Groen elaborated that, first, there is a new governance structure with multiple partners including senior officials at ESDC, PSPC, TBS and SSC working together to ensure there is broad oversight of the programme. Second, ESDC has taken a different approach than the one that was used with Phoenix by not eliminating employees ahead of anticipated efficiency gains. Third, ESDC has

41 Ibid., 1125.

42 OAG, [Procuring Complex Information Technology Solutions](#), Report 1 of the 2021 Reports of the Auditor General of Canada, para. 1.29.

43 Ibid., para. 1.49.

44 Ibid., para. 1.49.

45 House of Commons Standing Committee on Public Accounts, 1st Session, 44th Parliament, 14 December 2023, [Meeting No. 92](#), 1230.

46 Ibid., 1120.

implemented a process for bringing the new system online gradually, with multiple releases. Finally, the department has a pilot project to test all new system processes before going live.⁴⁷

Transformation Component

Replacing the IT systems for OAS, CPP and EI that are at risk of failure is a critical project component. According to Andrew Hayes, Deputy Auditor General, OAG, these systems are important for Canadians, as almost all Canadians will access these benefits at some point over their lifetime.⁴⁸ On this point, Catherine Luelo noted that the federal government should focus on the modernization component and be a bit less ambitious on the transformation component.⁴⁹

In their report, the OAG noted that ESDC's GBA+ assessments of the programme identified several challenges for certain groups of people when accessing benefits, such as a lack of connectivity or access to digital technology for interacting online and difficulty using online services because of numerous steps in the application process and trouble getting online support.⁵⁰

Regarding the balance of the modernization and transformation components, Catherine Luelo noted that the TBS strategic assessment led ESDC to a focus on the higher risks of the programme, and as a result they "de-scoped a number of things... to focus on retiring the technical data of OAS, knowing that these were some of our most vulnerable Canadians."⁵¹ The CIO further noted that the new platform will allow for ESDC "to do transformative things with the program over time, but that whole delineation ... has allowed [the department] to get very focused and to deliver good results."⁵²

47 Ibid., 1230.

48 Ibid., 1140.

49 Ibid.

50 OAG, [The Benefits Delivery Modernization Programme](#), Report 8 of the 2023 Reports of the Auditor General of Canada, para. 8.29.

51 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 14 December 2023, [Meeting No. 92](#), 1210.

52 Ibid.



Additional Considerations

Given the magnitude of the project and the importance of these benefits for many Canadians, certain members of the Committee were concerned with the programme's cost estimates, timelines, resource capacity and risk management. Therefore, the Committee recommends:

Recommendation 2—Reporting Cost Estimates

That, by 31 January 2026 Employment and Social Development Canada provide the House of Commons Standing Committee on Public Accounts with information on the frequency at which it will revise and report on its cost estimates and timelines for the Benefits Delivery Modernization programme.

Recommendation 3—Resource Requirements

That, by 31 January 2026, Employment and Social Development Canada provide the House of Commons Standing Committee on Public Accounts with a report on the resource requirements for the remainder of the project, and how it plans to address any staffing gaps, split by internal and outsourced resources.

Recommendation 4—Latest Risk Log

That, by 31 January 2026, Employment and Social Development Canada provide the House of Commons Standing Committee on Public Accounts with a report on the latest risk log for the Benefits Delivery Modernization programme, with program- and project-level detail, along with information on how often the risk log is updated and what guidance and training is provided to those responsible for maintaining the risk log.

Additionally, the Committee considers the OAG finding that the transformation component of the programme has been delayed and potentially curtailed, as significant. And although the CIO informed the Committee that the new platform will allow for future transformation, the Committee did not receive a clear indication of whether ESDC will ensure that issues identified through its own GBA+ analysis will be addressed through the new platform on its initial release to improve access to benefits for certain vulnerable Canadians.

Therefore, the Committee recommends:

Recommendation 5—Transformational Component (access and accuracy)

That, by 31 January 2026, Employment and Social Development Canada provide the House of Commons Standing Committee on Public Accounts with a breakdown of the total project estimate for fiscal years 2017 to 2025 and actual expenditures as at 31 December 2024, or based on the most recent data, by type of cost and including the cost for internal salaries, professional services, including professional service fees and travel expenses, software and IT infrastructure, internal services, additional Shared Services Canada costs and sales tax.

Recommendation 6 – Contingency Plan

That by 31 January 2026, Employment and Social Development Canada provide the House of Commons Standing Committee on Public Accounts with a contingency plan with respect to the launch of the platform to prevent recipients from being left without income.

CONCLUSION

The Committee concludes that although Employment and Social Development Canada has strengthened its governance framework for the Benefits Delivery Modernization programme and has continued to refine its cost estimates and timelines, the delays and cost overruns should be closely monitored. While the roll-out of a new system platform for Old Age Security (OAS) benefits is anticipated by the end of 2025, the migration of Canada Pension Plan (CPP) and Employment Insurance (EI) benefits to the new platform, and the implementation of other changes to address the transformation needs of all three benefits programs is complex and extends to at least 2030.

The success of Benefits Delivery Modernization is of utmost importance to both the federal government, given its significant costs, and Canadians who rely on these important benefits—OAS, CPP and EI. The Committee recognizes that modernizing and replacing the aging IT systems that deliver those benefits is a priority given they are at critical risk of failure. However, transforming the delivery of those benefits to ensure greater access for vulnerable Canadians should remain a priority and not be curtailed or de-scoped as a result of the cost overruns that so often characterize major government IT projects.

In this report, the Committee has made six recommendations to help the department improve its implementation of this major IT modernization and transformation program and do so with full accountability and transparency.

APPENDIX A: COST ESTIMATES

In response to a question during the hearing, Employment and Social Development Canada (ESDC) provided the following information:

The Benefits Delivery Modernization (BDM) Programme is a complex, large-scale, multi-year undertaking and the programme plan continues to be updated as scope, timing and other factors are assessed. As more information is known about the BDM Programme, costing becomes more refined.

As a pathfinder Programme in the GC, estimates can only be assessed with what is known at a point in time. This means that costs will continue to evolve as the complexity of transitioning off the current legacy systems is further assessed and informs the scope, timelines, and dependencies. Cost estimates are based on an approved methodology, including detailed analysis and calculations, considering various known factors.

In fall 2017, Treasury Board (TB) approved Programme Authority for BDM to establish processes and technology for the Department of Employment and Social Development (ESD) to provide a seamless client experience to Canadians seeking Employment Insurance, Canada Pension Plan and Old Age Security benefits regardless of the program or service they wish to access. The Rough Order of Magnitude (ROM) for BDM based on preliminary estimates was \$1.75 billion.

In December of 2020, TB approved an amended Programme Authority of \$2.2 billion. The revised ROM estimate accounted for previously unknown and unquantified estimates related to the complexity of unravelling hundreds of legacy applications and the migration of millions of client files; the everchanging cyber security landscape; and an overall increased effort to execute the project.

At present BDM is responding to the Auditor General's recommendations to evolve the costing approach. Further analysis is being undertaken to ensure the costing factors in known costs, sequencing of benefit onboarding and the defined scope.

ESDC also provided cost estimate details for the initial budget of \$1.75 billion and the revised budget of \$2.2 billion in the following table.

Table A.1 Cost Estimate Details for the Initial Budget and the Revised Budget

Cost Type	Tranche 1 FY 1	Tranche 1 FY 2	Tranche 1 FY 3	Tranche 2 FY 4	Tranche 2 FY 5	Tranche 3 FY 6	Tranche 3 FY 7	Tranche 4 FY 8	Tranche 4 FY 9	Total
Internal Salary	14,276,608	37,942,714	23,334,822	23,171,320	23,454,816	38,985,313	39,468,335	43,320,531	43,865,129	287,819,588
Internal Salary Costs	11,082,169	22,779,528	19,008,563	17,150,167	17,360,114	26,991,937	27,326,605	24,039,917	24,342,682	190,081,682
Operating Costs	750,429	10,049,321	n/a	1,637,301	1,657,187	4,831,116	4,890,701	11,408,206	11,551,037	46,775,298
Employee Benefit Plans	2,444,010	5,113,865	4,326,259	4,383,852	4,437,515	7,162,260	7,251,029	7,872,408	7,971,410	50,962,608
Professional Services	26,790,952	69,132,368	78,398,154	90,452,227	91,566,385	94,647,158	95,827,921	81,603,739	82,639,039	711,057,943
Professional Services Fees	24,562,482	64,368,556	73,491,364	67,883,333	68,722,086	72,157,064	73,059,323	66,610,081	67,456,525	578,310,814
Operating Costs	n/a	n/a	n/a	16,234,392	16,431,568	15,967,380	16,164,316	9,426,350	9,544,368	83,768,374
Travel Expense	2,228,470	4,763,812	4,906,790	6,334,502	6,412,731	6,522,714	6,604,282	5,567,308	5,638,146	48,978,755
IT Software and Infrastructure	173,295,030	38,838,304	39,460,946	40,096,040	40,743,836	65,832,961	66,995,495	29,750,647	30,191,535	525,204,794
Operating Costs	7,783,285	15,723,777	15,884,128	16,047,686	16,214,515	16,384,681	16,558,250	16,735,291	16,915,872	138,247,485
IT Software and Infrastructure	165,511,745	23,114,527	23,576,818	24,048,354	24,529,321	49,448,280	50,437,245	13,015,356	13,275,663	386,957,309
Internal Services	2,414,133	6,041,042	4,522,560	6,194,148	6,270,094	9,175,403	9,289,261	9,691,963	9,814,008	63,412,612
Additional SSC Costs	51,692	79,705	92,067	88,993	88,993	146,730	146,730	159,399	159,399	1,013,708
Tax	26,127,878	15,516,158	15,321,683	16,971,275	17,200,329	20,862,415	21,167,044	14,476,070	14,667,975	162,310,827
Total 2017 Estimate	242,956,293	167,550,291	161,130,232	176,974,003	179,324,453	229,649,980	232,894,786	179,002,349	181,337,085	1,750,819,472
Adjusted Tranche 1 Estimate	n/a	450,000,000								
Total 2020 Estimate	n/a	2,200,819,472								

Source: Table provided by Employment and Social Development Canada.

APPENDIX B: PROCUREMENT APPROACH

In response to a question during the hearing, Employment and Social Development Canada provided the following information.

BDM PROCUREMENT STRATEGY

All procurement in support of the BDM Programme is done in collaboration between ESDC and PSPC as the Contracting Authority for the Crown. The procurement strategy was designed to be scope flexible, minimize programme risks, and allow contractual offramps at each Tranche of the BDM Programme. The procurement strategy involved a competition to assemble a robust supplier ecosystem consisting of the core technology software supplier (IBM Canada Inc), other ancillary software suppliers (SAP Canada, Microsoft Canada) and four Systems Integrators (SIs) (Deloitte Inc., Fujitsu Consulting Inc., Accenture Inc., and CGI Information Systems and Management Consultants Inc.).

It also invited suppliers to collaborate with Canada and with each other to help define Canada's requirements through PSPC's Review and Refine Requirements (RRR) process.

Learning from past IT transformation projects, the BDM Programme was divided into three Tranches. Each Tranche contains work packages that allows Canada to invite the SI's to bid on solicitations and work collaboratively through equal allocation work to build, customize, and configure the BDM solutions, meeting the short-term and long term requirements, thus enabling Canada to test and course correct through gated project delivery timeframes while respecting GC procurement policy.

BDM PROCUREMENT SEQUENCE

The BDM procurement process started in June 2017 with the award of the Transformation Program Office (TPO) contract [G9292-188396/001/XE] to PricewaterhouseCoopers (PwC) through a competitive request for proposal (RFP) process. As the Transformation Partner, PwC is responsible for providing strategic advisory services to Canada and support the BDM Programme in fulfilling its transformation agenda. In December 2018, Canada proceeded with a public posting for an Invitation to Qualify (ITQ) to select a limited number of Suppliers to participate in the next stages of the BDM Procurement Process. These suppliers were invited to qualify in two different streams: Stream 1 – System Integrators (SIs); and Stream 2 – Core

Technology Vendor (CTV). Successful suppliers from those two streams were selected to form the Qualified Supplier Working Group (QSWG).

Canada awarded the CTV Prototyping contract [G9292-176824/001/XE], in December of 2019, and CTV contract [G9292-176824/006/XE], in April 2021, to IBM Canada based on their successful qualification in the ITQ. IBM was successful through the ITQ and subsequently awarded the CTV contract based on experience in eligibility and entitlement rules, ancillary technology, scalability, organizational approach, multibenefits, interoperability, integration and compliance, artificial intelligence, and accessibility among others. Through the CTV contract, IBM provides software licenses and maintenance to the Cúram Software and Cúram training. The CTV also provides Canada with guidance on appropriate use of the proposed software during the implementation of Task Authorizations that will be delivered by the qualified System Integrators. This includes a wide range of architecture options and implementation considerations.

Canada awarded the SI Prototyping contracts [G9292-176824/002/XE, G9292-176824/003/XE, G9292-176824/004/XE, G9292-176824/005/XE], in February of 2021, and the Master System Integrator Contracts (MSIC) [G9292-228003/001/XE, G9292-228003/002/XE, G9292-228003/003/XE, G9292-228003/004/XE], in April 2021, to the four qualified SIs based on their qualification in the QSWG. The SIs were successful through the ITQ and subsequently awarded MSICs based on their experience in the provision of system integration services for social security programs, implementing commercial off-the-shelf software or platform technology with social security or social services capability, public sector IT transformation, multi-vendor environment, IT management and prototyping among others. The qualified SIs are responsible for the implementation, integration, transition, development, testing, and delivery of the BDM Solution.

In addition to its implementation partners, Canada leverages numerous suppliers to address capacity and speciality gaps across a range of skillsets. Those services are procured through existing PSPC and ESDC supply arrangements and other methods of supply.

As seen above, the primary approach to contracting work under the BDM programme has been through open competition. However, in accordance with GC procurement policy, ESDC can also sole-source contracts with proper rationale. These instances have been identified in the attached Excel document, which also provides information on the different methods of supply.

APPENDIX C: PROCUREMENT TERMINOLOGY

In response to a question during the hearing, Employment and Social Development Canada provided the following information.

Call-up: The Work will be authorized or confirmed by the Identified User(s) using form PWGSC-TPSGC 942, Call-up against a Standing Offer or equivalent form.

Contract: Contracts for goods, services and construction are generally used to meet unique, well-defined requirements for a single client but they may also be used to meet the requirements of more than one client. They are used where a standing offer or supply arrangement is not warranted.

ProServices: ProServices is a mandatory method of supply for professional services valued below the Canada Korea Free Trade Agreement (CKFTA) threshold.

ProServices Supply Arrangement: ProServices supply arrangement (SA) is a federal government-wide mandatory procurement tool for the provision of professional services below the Canada-Korea Free Trade Agreement (CKFTA) threshold.

Purchase Order: A purchase order is issued when quotations are requested. Quotations are normally placed by telephone and confirmed in writing.

Service Agreement: A service agreement is a formal agreement between two or more parties that articulates the terms and conditions of a particular service relationship.

Standing Offer: A standing offer is not a contract. A standing offer is an offer from a potential supplier to provide goods and/or services at pre-arranged prices, under set terms and conditions, when and if required. It is not a contract until the government issues a "call-up" against the standing offer. The government is under no actual obligation to purchase until that time.

Task Authorization: A contract with Task Authorizations (TA) is a method of supply for services under which all of the work or a portion of the work will be performed on an "as and when requested basis" through predetermined conditions including an administrative process involving task authorizations.

APPENDIX D: MINISTERIAL BRIEFINGS

In response to a question during the hearing, Employment and Social Development Canada provided the following information.

Benefits Delivery Modernization (BDM) is the largest IT enabled change initiative ever undertaken by the Government of Canada. BDM is creating a single integrated platform to seamlessly deliver Service Canada’s core benefits: OAS, EI and CPP. BDM will transform the way clients interact with Service Canada and the way our employees interact with their work.

The table below lists all meetings and dedicated briefings specific to BDM held at the Minister-level since July 2022. In addition to these meetings, senior departmental officials meet regularly with Ministers during bi-lats at which BDM is often discussed.

Following the Strategic Assessment held in June 2022, the governance structure was refreshed, and the Multilateral Ministerial Advisor Group (MMAG) was created. The first MMAG meeting was held on March 21, 2023, and the second was held on June 21, 2023. MMAG Membership includes Ministers from ESDC, PSPC, TBS and Defense for CSE.

Table D.1 Meetings and Ministerial Briefings

Meeting Name – BDM Ministerial Briefings	Date (Y-M-D)
Regular updates via weekly bilats with Minister of Employment, Workforce Development and Official Languages	Ongoing
BDM Monthly Meeting with Minister of Citizens Services	2023-11-08
Briefing for Minister of Citizens Services	2023-10-20
Briefing for Minister of Citizens Services: OAG Audit on BDM	2023-09-05
Briefing for Minister of Citizens Services: EI on BDM	2023-09-05
Briefing for Minister of Citizens Services: OAS on BDM	2023-08-24
Briefing for Minister of Citizens Services: Benefits Delivery Modernization (BDM) 101	2023-08-01
Briefing for Minister of Citizens Services	2023-08-01
Briefing for Minister of Families, Children and Social Development – BDM Monthly	2023-06-27
Briefing for Minister of Seniors: OAS on BDM	2023-05-31
Ministerial Briefing for Minister of Families, Children and Social Development – BDM Monthly	2023-05-31
Ministerial Briefing for Minister of Seniors: OAS on BDM	2023-05-01
Ministerial Briefing for Minister of Families, Children and Social Development: BDM Monthly	2023-04-26

Meeting Name – BDM Ministerial Briefings	Date (Y-M-D)
Ministerial Briefing for Minister of Families, Children and Social Development: BDM Monthly	2023-04-12
Ministerial Briefing for Minister of Families, Children and Social Development – BDM Monthly	2023-02-23
Ministerial Briefing for Minister of Families, Children and Social Development – BDM Monthly	2023-02-03
Ministerial Briefing for Minister of Families, Children and Social Development	2023-01-12
Ministerial Briefing for Minister of Families, Children and Social Development – BDM Assurance Reporting	2022-12-07
Ministerial Briefing for Minister of Families, Children and Social Development – BDM Monthly	2022-11-30
Ministerial Briefing with Minister of Seniors: BDM	2022-11-17
Ministerial Briefing with Minister of Families, Children and Social Development – BDM Monthly	2022-10-31
Ministerial Briefing with Minister of Seniors: Benefit Delivery Modernization Updates	2022-10-22
Ministerial Briefing for Minister of Families, Children and Social Development, President of Treasury Board and Minister of Public Services and Procurement: BDM	2022-10-17
Ministerial Briefing with Minister of Families, Children and Social Development: BDM Strategic Assessment	2022-10-04
Ministerial Briefing for Minister of Families, Children and Social Development	2022-09-22
Ministerial Briefing for Minister of Families, Children and Social Development: BDM	2022-08-31
Meeting Name – Multilateral Ministerial Advisor Group (MMAG)	Date (Y-M-D)
BDM Multilateral Ministerial Advisory Group Meeting	2023-06-21
BDM Multilateral Ministerial Advisory Group Meeting	2023-03-21

Source: Table provided by Employment and Social Development Canada.

Note: As per terms of reference for MMAG, the following Ministers are members: Minister, Families, Children and Social Development; Minister, Employment, Workforce Development and Disability Inclusion; Minister of Seniors; Minister, Public Services and Procurement Canada; Minister, National Defence (for CSE); and President, Treasury Board.

APPENDIX E: LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee’s [webpage for this study](#).

Organizations and Individuals	Date	Meeting
Department of Employment and Social Development Cliff Groen, Associate Deputy Minister and Business Lead, Benefits Delivery Modernization John Ostrander, Technical Lead, Benefits Delivery Modernization Paul Thompson, Deputy Minister	2023/12/14	92
Department of Public Works and Government Services Arianne Reza, Deputy Minister Mollie Royds, Associate Assistant Deputy Minister, Procurement Branch	2023/12/14	92
Office of the Auditor General Andrew Hayes, Deputy Auditor General Patrice Malboeuf, Director Jocelyn Matthews, Director	2023/12/14	92
Shared Services Canada Shannon Archibald, Assistant Deputy Minister, Hosting Services Scott Davis, Chief Financial Officer Scott Jones, President	2023/12/14	92
Treasury Board Secretariat Catherine Luelo, Deputy Minister and Chief Information Officer of Canada	2023/12/14	92

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings Meetings Nos. 5* from the 45th Parliament, 1st Session and *Meetings Nos. 92* from the 44th Parliament, 1st Session is tabled.

Respectfully submitted,

John Williamson
Chair

