



Government
of Canada

Gouvernement
du Canada

CANADA'S DIGITAL INTERCHANGE (CDI)

In-depth Discussion on Governance

Joint Councils
September 14, 2016

SESSION OBJECTIVES



To have an in-depth discussion on proposed governance models outlined in CDI Business Case that will:

- Provide greater understanding on the proposed governance models that are presented in the business case, and considerations for each
- Spark discussion on the feasibility and suitability of the governance structure required and identify risks, considerations or other approaches that warrant further analysis
- Enable all PSSDC members an opportunity to reflect how the proposed approaches for CDI governance may align with their existing approach to governance structure



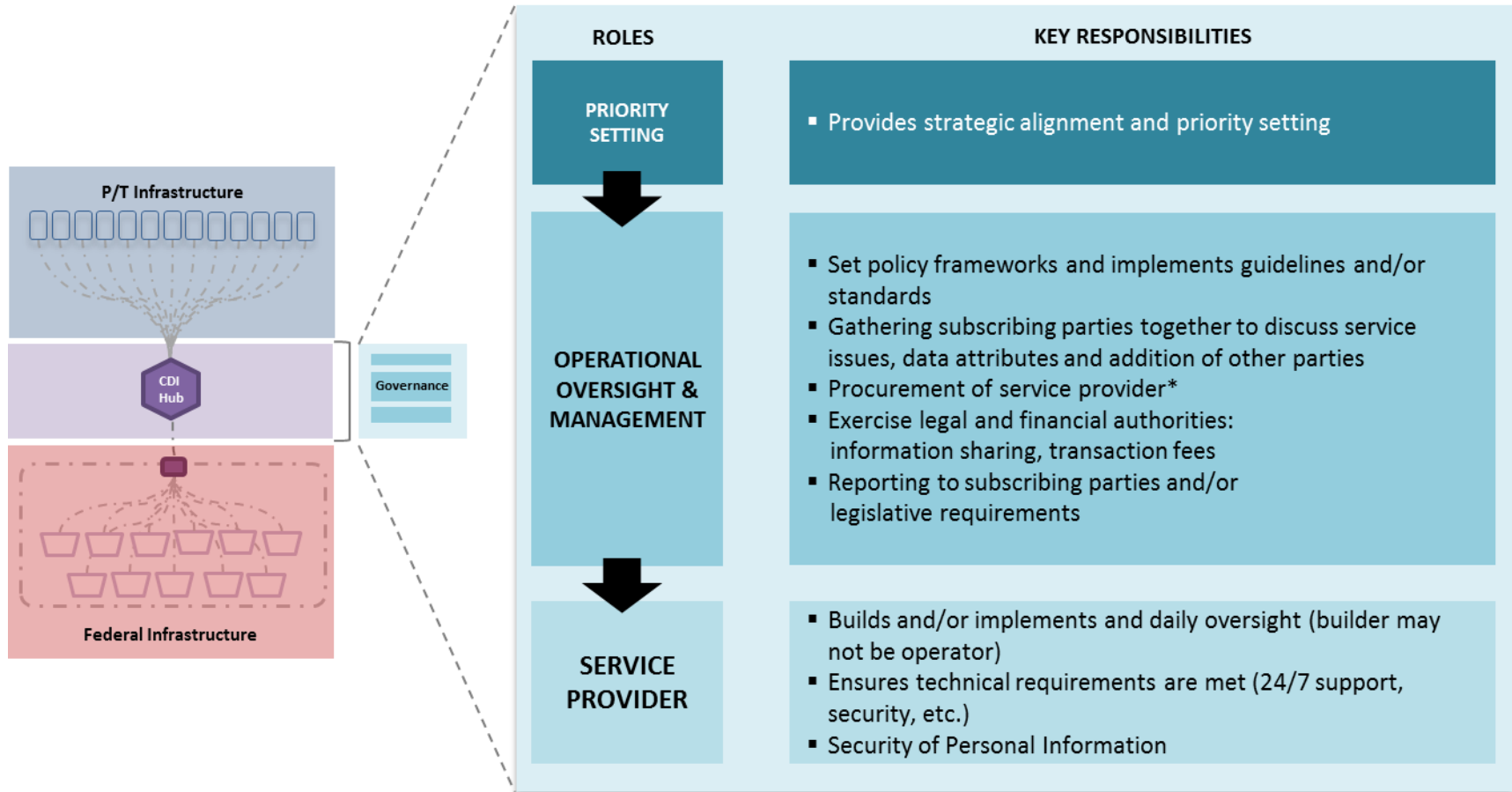
To confirm a pan-Canadian approach to CDI governance and to seek feedback/views of jurisdictions regarding a specific governance approach

A FOCUS ON GOVERNANCE

» **Pan-Canadian approach is key to success – all partners need to be represented and held accountable for the strategic direction, funding, delivery and operation of CDI**

- » **Guiding principles for governance for consideration:**
- Should have a coordinated oversight capability
 - All partners should have influence on standards, technical solution decisions and data management, all within approved standards for interoperability, functional services and data
 - Be able to address the coordination of the federal, provincial and territorial (PT) governments
 - Be scalable to allow new subscribing parties and lines of business

PROPOSED GOVERNANCE FRAMEWORK



PRIORITY SETTING

- » **FPT Body**
 - In all scenarios, an FPT body will be a key player in providing strategic alignment and priority setting for the overall CDI initiative

- » **The expertise and knowledge of this membership could:**
 - Provide strategic oversight function for CDI
 - Ensure the appropriate alignment to the Pan-Canadian Trust Framework and Pan-Canadian Identity Standard

DISCUSSION: PRIORITY SETTING

Q1: Is there support for a pan-Canadian approach for CDI? Is there a sufficient need to have the governance approach reflective of a pan-Canadian membership?

Q2: What role should the FPT DM Table take regarding priority setting and strategic alignment for the overall CDI initiative?

Q3: In terms of membership for priority setting, should it consist of a **rotating membership** or consist of **representation from all members**?

OPERATIONAL OVERSIGHT AND MANAGEMENT



Operational Oversight and Management Role

- Focused on day-to-day management and operations as overall business owner for CDI, and would require dedicated resources and authorities to execute management functions
- Would be responsible for responding to direction from FPT DM Table, and initiate specific task-teams and innovative partnerships to address priorities
- Ensure engagement of all jurisdictions and possible future partners (e.g., municipalities, private sector)

OPTION 1: SHARED GOVERNANCE CORPORATION

- FPT governments would create an **independent incorporated body** with annual reporting requirements, with **representative Board of Directors** responsible for operational oversight
- Management functions performed by **Executive Director** and a small team of dedicated staff
- Canadian Council of Motor Transport Administrators (CCMTA) is closest example to a similar model or approach (see annex), other examples include Canadian Institute for Health Information (CIHI)

Advantages	Disadvantages
<ul style="list-style-type: none">✓ Legal status independent from Board of Directors and/or membership✓ Can enter into legal contracts and have independent financial holdings✓ Can add partners as CDI evolves✓ Can be enabled by legislation✓ Possibility for revenue generation / cost recovery	<ul style="list-style-type: none">✗ Regulations and reporting requirements are set by legislation and can include certain restrictions (e.g., bylaws may be subject to public consultation or Ministerial approvals)✗ Too bureaucratic if crown corporation or federal department is chosen for service provider

OPTION 2: FPT FRAMEWORK AGREEMENT

- Participating jurisdictions would **sign on to a formal framework agreement** based on guiding principles and shared priorities
- There would be **federal and provincial/territorial co-chairs** – a dedicated federal representative would be a permanent co-chair with a dedicated department/agency would be designated to coordinate this process; provincial/territorial responsibilities could rotate
- Secretariat support would be established and maintained through both **dedicated funds (shared) and in-kind contributions**.
- Similar in approach to the Forum on Labour Market Ministers governance, as well as newly established Labour Market Information Council under FLMM

Advantages	Disadvantages
<ul style="list-style-type: none">✓ Quicker to implement✓ Can allow for task-teams to be formed on an as-needed basis to address priority issues✓ Flexible enough if crown corporation is chosen as service provider	<ul style="list-style-type: none">✗ Will not extend to private sector easily✗ Competing membership interests✗ Capacity issues (may be slower to react to timely issues)

DISCUSSION: OPERATIONAL OVERSIGHT AND MANAGEMENT

Q3: Which option is best suited for operational oversight and management of CDI?

- Shared Governance Corporation
- FPT Framework Agreement

Are there any particular views specifically related to either option?

SERVICE PROVIDER

- » The other level of proposed governance framework is operational – responsible for building, implementation and operational requirements for CDI service
- » Options to be evaluated against key criteria
 - **Cost:** Reasonable and value for money on key elements including infrastructure, maintenance, and ongoing administration, possibly consisting of both personnel and assets
 - **Scalability:** Ability to expand beyond existing business needs and functions to meet needs of additional partners, services, or various types of information elements
 - **Complexity of Implementation:** Speed of implementation and ability to mitigate of risk or liability
 - **Demonstrated Capacity:** Ability to meet privacy, protection of personal information and IT security requirements.

OPTION 1: EXISTING FEDERAL DEPARTMENT

- **Cost:** Existing A-based and O&M to identity programs and related IT infrastructure. Costs would be incurred to build the service infrastructure, but may be able to leverage existing IT development activities.
- **Scalability:** Existing investments (e.g. ESDC Enterprise Service Bus, GC Interoperability Project) are able to manage the number of transactions required by federal departments.
- **Complexity of Implementation:** Federally, any department other than PSPC or SSC would require using one of these departments to procure and/or maintain the infrastructure. An additional mandate would need to be obtained via a mix of legislation and OiC, depending on the organization.
- **Demonstrated Capacity:** SSC has a mandate to provide centralized infrastructure services to the GC, and has implemented and is in the process of implementing some GC-wide projects, but not expressly for pan-Canadian services.)

OPTION 2: CROWN CORPORATION

- CDI services would operate as a sector within a Crown Corporation which would be responsible for offering all of the CDI services on behalf of all jurisdictions
- Crown corporations are public institutions that are unique legal entities, operating at arm's length from government and are often used to advance policy priorities and objectives, and can have varying spheres of influence and asset bases
- The structure and financing of crown corporations allows for autonomy as a non-partisan provider of services, and ability to execute management and oversight where private sector management is not viable due to elevated risk factors

ESDC/TBS is currently considering the feasibility with respect to certain federal crown corporations against the same criteria as in the options - when engagement with this organization is complete, results will be shared

OPTION 3: PRIVATELY MANAGED SERVICE

- **Cost:** Based on a Request for Information (RFI), preliminary costs for a CDI service would be between \$8-\$14M (infrastructure only) depending on the service provider and architecture chosen. Note that this figure does not include all costs (e.g. business transformation, etc.)
- **Scalability:** A RFP would obligate a service provider to match the criteria identified for future scalability.
- **Complexity of Implementation:** It is assumed that a third party service provider would have the flexibility and capacity to develop and build a solution more quickly than the federal government.
- **Demonstrated Capacity:** Based on the 2015 RFI, there are several private sector organizations that have developed secure messaging services. A second RFI and/or RFP would help identify the demonstrated capability and project experience of the private managed service.

DISCUSSION: SERVICE PROVIDER

Q5: Which option is best suited for being a service provider of CDI?

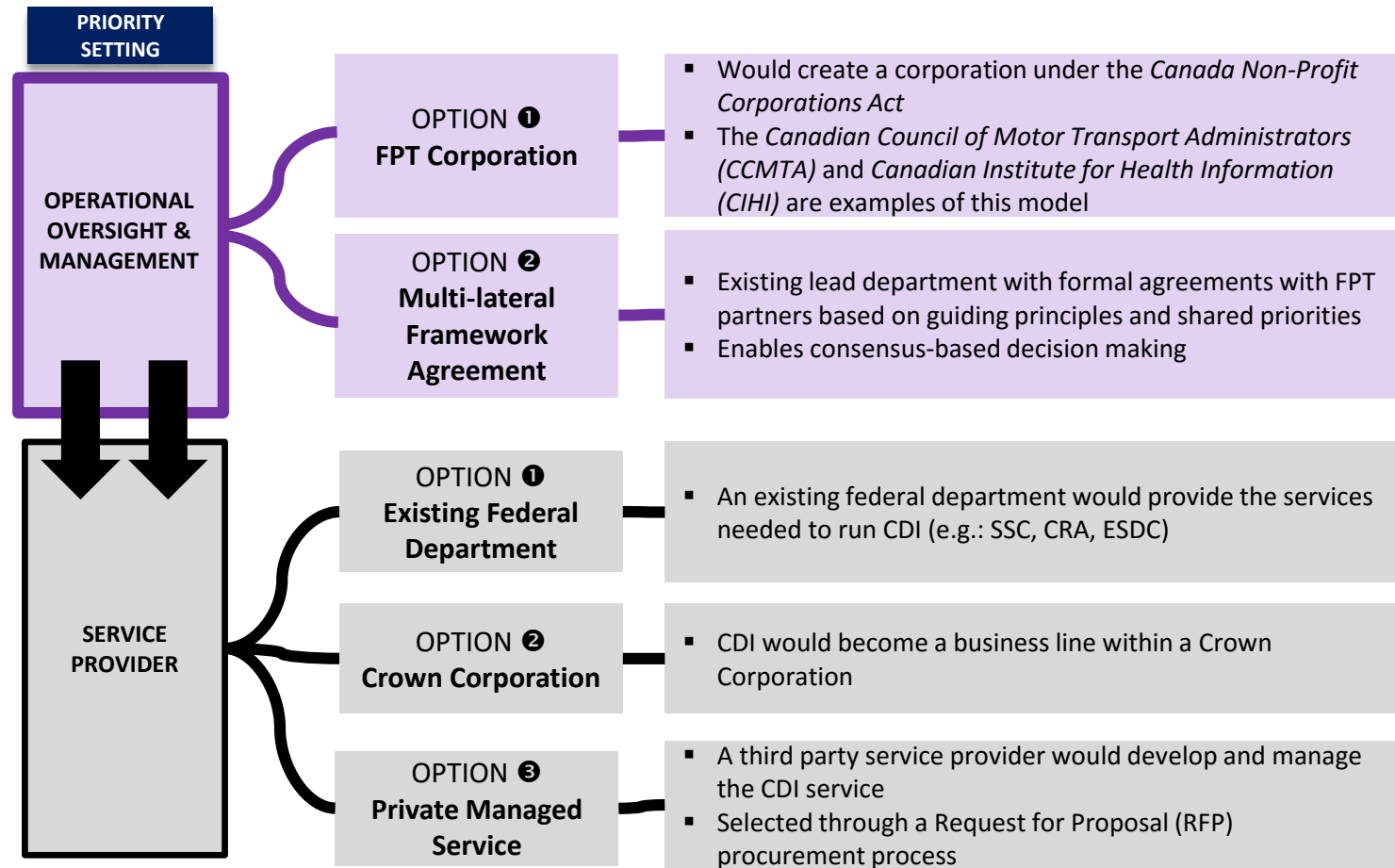
- Existing federal department
- Crown corporation
- Privately managed service

Are there any particular options that would be problematic or require further analysis?

Q6: Are there other considerations or risks to consider (e.g. implementation, timing, roles and responsibilities of jurisdictions, etc.)

SUMMARY OF PROPOSED GOVERNANCE OPTIONS

ENABLING A PAN-CANADIAN APPROACH



ANNEX: Backgrounder on CCMTA

Canadian Council of Motor Transport Administrators (CCMTA)

<http://ccmta.ca/en/>

- The Canadian Council of Motor Transport Administrators (CCMTA) is an incorporated non-profit organization in Canada that coordinates all matters dealing with the administration, regulation and control of motor vehicle transportation and highway safety
- CCMTA is a non-profit incorporated organization - CCMTA receives funding from its members comprised of provincial/territorial/federal ministries of transportation
- In addition, CCMTA generates revenues from its services (e.g. associates program, publications, events, and through the management of the Interprovincial Record Exchange)
- Membership includes representation from provincial and territorial governments as well as the federal government of Canada (Transport Canada)

ANNEX: BUSINESS CASE OVERVIEW

Scope

- Designed as a scalable solution, CDI will be an interoperability solution primarily focused on the verification of identity information that can be expanded to include other partners and other attributes over time'
- Will be a key enabler of "Tell Us Once" service offerings
- Benefits realised will include direct cost savings, indirect savings and service improvements for all partners

Business Needs

- Validation, Notification and Retrieval of information were identified as the key functionalities needed from both federal and P/T partners
- From federal partners, majority of needs focused on need to confirm identity information
- Various states of readiness, P/T→P/T connections, revenue generation top of mind, IRCC data valuable

Governance

- To be a truly pan-Canadian service, the governance needs strategic oversight representative of all member jurisdictions (e.g., FPT DM Table on Service)
- Operational oversight and management will also be representative of all partners (e.g., shared governance corporation or multilateral framework agreement)
- Service provider to build and/or administer the CDI service include public and private options

Costing

- Key costing components of a CDI service have been identified with elements costed at "high/low" range including use of "TBD" for unknown costs for business case, using estimates generated from internal sources, will continue to seek additional clarification for anticipated PT costs

Path Forward

- To move forward with CDI as a scalable, interoperable solution, key efforts need to evolve to focus on continued areas of federal analysis and interest (e.g., authorities and information sharing), continued PT engagement on anticipated business needs and a pan-Canadian governance model
- Seek formal policy authority at the federal level to continue work on CDI