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Chair: Mr. Kelly McCauley





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• (1535)

[English]

**The Chair (Mr. Kelly McCauley (Edmonton West, CPC)):** Good afternoon, everyone. I call this meeting to order.

Welcome to meeting number 48 of the House of Commons Standing Committee on Government Operations and Estimates, a.k.a. the mighty OGGO.

Pursuant to the motion adopted by the committee on Wednesday, January 18, 2023, the committee is meeting on the study of federal government consulting contracts awarded to McKinsey & Company.

One of our witnesses is running late because of traffic and the snow not getting cleared in Ottawa, so we're going to our first witness for his opening statement. Hopefully, Ms. Clarke will be here in time for her statement.

We welcome back Mr. Sean Boots. You have five minutes for your opening statement, please.

Before you start, committee, I'm letting everyone know that I'll need about 15 or 20 minutes in the second hour to do some housekeeping work.

Please, go ahead.

**Mr. Sean Boots (Senior Policy Adviser, Canadian Digital Service, Treasury Board Secretariat):** Thanks so much, Mr. Chair.

Thanks to all of you for having me here.

It's nice to be back. Professor Clarke and I were here in November as part of—

**The Chair:** Mr. Boots, I apologize. I have to interrupt you for a moment. I have another housekeeping item.

So that everyone is aware, all of the witnesses have completed the required connection tests in advance of the meeting. That's to make sure our valued interpreters are looked after.

I'm sorry about that, Mr. Boots. You can start from the top, please.

**Mr. Sean Boots:** It's all good. Thanks so much. I really appreciate it.

Yes, it's nice to be back. Professor Clarke and I, as you mentioned, were here in November as part of the committee's study on ArriveCAN. I think it's safe to say that, when we started this re-

search last spring, we didn't expect it to attract this level of attention.

Last year, Professor Clarke and I worked together on a research project on federal government contract spending. For today's discussion on this, there are two angles that stand out. The first, on a micro level, goes to transparency and data quality in government contract disclosures. The second, on a macro level, is what this means for public sector capacity and patterns of dependency on large consulting firms.

In terms of transparency and data quality, the main theme is that it's hard to understand, on a government-wide scale, where money is being spent and which vendors are the most prominent. Our research focused on the government's proactive disclosure of contracts dataset, which is all publicly available open data.

It's a very valuable dataset, but there are a few reasons why it's hard to interpret at a glance. The names of vendors aren't consistent, and there aren't any business numbers or other unique identifiers. Amendments to contracts aren't always associated consistently with their original contracts. For multi-year contracts, there isn't any data on how much money is spent per year. For many of the contract entries, there aren't descriptions that would allow us to clearly associate the contract with a specific project or initiative, or to easily differentiate different kinds of professional services work.

Our research team spent several months cleaning and analyzing this data, and we published our results and methodology online at govcanadacontracts.ca.

There are two things to note—and this is more for the researchers in the room. If you're looking at the numbers on the website, for government-wide totals, you can use the “All departments and agencies” tab near the top of the page. If you're comparing numbers from year to year, I'd recommend using inflation-adjusted totals. You can find those in the associated CSV files when you click the “View source data” link below each table.

Even after the data cleaning we did, it's hard to tell, from the publicly available data, what a given contract was for. That's especially true for management consulting firms, which provide a very wide range of services to government departments. In the data, a contract might simply be described as “management consulting”. That could be strategic advice work, IT implementation or subcontracting a different, more specialized vendor. It's hard to tell what work was involved, let alone how successfully the project turned out.

There's a lot that other countries have done to improve the quality of their public contract disclosures. The biggest would be adopting the open contracting data standard, which lets the public follow spending in detail, from initial RFPs all the way to the conclusion of the contract.

That's the micro level.

At the macro level, a lot of this is a reflection of public service capacity—or a perceived lack of it—and the ways management consulting firms fill that gap. Looking at the data year by year, what stood out, very early on, was how significantly spending on management consulting firms has increased over time. Management consulting firms feature prominently in both the professional services and information technology categories of our analysis.

Deloitte, PricewaterhouseCoopers and Accenture are the largest of these by total dollars spent. In the 2021-22 fiscal year, these companies received an estimated \$172 million, \$115 million and \$94 million, respectively. That's much more per year than four or five years ago, which you can see from the data tables on the website.

From the descriptions available, many contracts with these firms focused on IT or IT-adjacent work. That could be implementing a large IT or service delivery project, process automation, digital transformation advice, project oversight and so on.

The large growth in spending on these firms, in many cases, is the result of an increased recognition that departments have fallen behind in IT capacity compared with public and political expectations. Instead of being able to build capacity in-house, they have expanded the amount of work done externally by management consultants and large IT firms.

There are two tendencies you can observe from this.

The first is that management consulting firms will often be hired to prepare project management and procurement plans for major projects. Even if the same firms aren't bidding on the subsequent projects, you can reasonably assume that it gives them detailed insights into how departments assess and evaluate bids.

The second is that—especially for large IT projects—one management consulting firm might be hired to oversee the work of another management consulting firm or major IT firm, such as IBM or CGI. That can lead to a set of dynamics in which each firm isn't necessarily motivated to hold the other to account, given that their positions will likely be reversed on other, future projects.

Looking at the literature, we see a worldwide trend of management consulting firms dramatically expanding their IT implementation divisions, given how profitable this work is. Their existing relationships through audit and strategic advice work give them a competitive advantage in winning IT and digital services contracts.

This reliance on management consultants becomes a self-reinforcing cycle—there are a few reasons why that happens—and the capacity of the public service degrades over time, as a result. Other countries are having important conversations about state capacity or the effectiveness of their public institutions, often in response to similar situations.

In my experience, departments depending heavily on management consultants is a reflection of structural challenges within the public service, such as a lack of effective feedback loops, a rigid adherence to existing processes and a lack of in-house technical capacity and expertise.

• (1540)

I hope this can spark more discussions on public service reform and improving how we work. It's a conversation that's really worth having.

I'll leave it to Professor Clarke—once she arrives, hopefully—to discuss some of these trends in more detail.

Thank you for having me here. I'm happy to answer your questions.

**The Chair:** Thank you, Mr. Boots.

Yes, Professor Clarke is here.

Welcome back to OGGO. You have five minutes, please.

**Professor Amanda Clarke (Associate Professor, School of Public Policy and Administration, Carleton University, As an Individual):** It's great to be here. Thank you very much for inviting back. I'm really excited to see that you are continuing to look at this issue.

I'm an associate professor at Carleton University's school of public policy and administration. By way of context, I've been researching public administration in Canada and internationally since about 2010.

My perspective on the issue of management consultants in the federal government is a product of the data tool Mr. Boots just presented, which I helped launch, but also research interviews with public servants, where I have them explain to me in their language what it looks like on the ground when you're working in government. This happens at all levels of authority across all departments, central agencies and line agencies. I'll say that they're pretty illuminating when you hear directly from public servants how they see this particular issue playing out. I think it's good that you're spending time on it, because it's definitely something that concerns a lot of public servants.

Looking through the transcripts of your first meeting, there are obviously a lot of questions before you. The one I want to focus on is the one that I think is the most important, which is whether the federal government's contracts with management consulting firms betray principles of responsible public administration, and if so, what should be done to prevent this going forward.

On the first part, yes, absolutely. My research suggests that in a number of ways the federal public service breaches acceptable best practices in responsible public administration when it contracts with large management consulting firms.

There are three main issues that come up generally. First is questionable value for money. Second is clear breaches of reasonably expected standards of public accountability. Third is the hollowing of state capacity. I can elaborate more on each of those in the questions, but I think the media—and, frankly, the long-standing literature on this topic—does a really good job of diagnosing that problem. There's really no debate about whether that problem exists.

What I think I want to focus on in my opening remarks is what I think the solutions are. I think there's a lot this committee could do that would help solve this problem. There are also routes you could go in the recommendations that would actually make the problem worse, so I've tried to flag those as well.

In terms of what we need to do to fix this, the first—and this speaks to the comments Mr. Boots just gave—is really focusing on the data. It's really impossible to do your jobs, frankly, given the low quality of the data we have to describe management consulting firms—what they're actually working on, what they produce, whether it has value—and to track the contracts over time. You got a little bit of a taste of that in your study of the ArriveCAN app in trying to follow the paper trail there.

There are lots of models we can look to internationally and as long as there's some money on the table. By that I mean that we actually have to hire people in government and say that their job is to make this data good, to release it and to work with the stakeholders, as opposed to it just being an add-on. That often happens with these kinds of data projects. There's a demand for more data and then there are no resources for public servants to actually generate, produce and share it. That's the first thing.

Second, as I'd say for IT projects specifically—which is a huge chunk of the amount of money that the federal spends on management consultants—there are some best practices around capping contract size and recruiting more IT talent in order to be smarter and more skeptical shoppers of some of these products and services. We actually elaborated on that in the report we tabled to you the last time, when we spoke on ArriveCAN, so I won't get too much into that but I'm happy to discuss it more as well.

Then third—and I think this is the most important thing—is that this issue of spending a lot of money on management consultants and seeing a lot of core public service work being done by management consultants is not an accident. It's an inevitable dynamic of a public service that has suffered from a lack of investment in talent and recruitment and in reforming HR practices to make it easier to bring people in.

Also, I think over the years it has suffered from unhelpful oversight and reporting burdens and a kind of error-free “gotcha” mentality in a lot of scrutiny, and the demands for error-free government make it very difficult to be creative and innovative in the public service. I think also, in tandem with that, when you see a lot of the important work you care about being outsourced to manage-

ment consultants, it's clearly bad for morale and doesn't motivate the workforce.

Saying we need to reform the civil service perhaps sounds large, daunting and not specific enough, but I think it's actually not as hard as we think. There are many jurisdictions globally that are facing the exact same problems the federal government is, and they're taking action. They've already experimented with different solutions. We can turn to those countries for examples of what needs to be done.

We don't need to spend a lot of time diagnosing the problem either, because there's pretty much consensus from anyone who's ever studied Canadian public administration, and from most public servants, regarding what the issues are. It's that the organization is too siloed and there are too many unhelpful rules and processes.

I think that if you want a nice testimony of it, one document I really like is the 2016 internal red tape reduction report that a group of public servants prepared.

● (1545)

I invite you to look, in particular, at some of the snapshots of internal red tape that they described. When you read about what it takes to try to do anything in the federal government today, you can understand why it's hard to be creative and innovative and why it might be that an incoming government quickly turns to a management consultant who promises a fast solution. However, those fast solutions don't tend to be good value for money. They also happen in secret. That's what we should be worried about.

The last thing I'll say is that in proposing solutions, the committee and the government really need to avoid adding too many new rules, processes or onerous reporting requirements in the name of accountability. This is what we've seen historically. It actually has this effect of further eroding public servants' abilities to do the work that you want them to do, because they spend a lot more time filling out those forms and running complex procurement processes. It also has the effect of making it difficult for smaller and perhaps more innovative...or at least a broader range of firms to bid for government work because really complicated procurement processes take teams of people to bid for. Small firms just don't have that.

I'll leave it there. I look forward to your questions.

Thank you.

**The Chair:** Thank you, Ms. Clarke.

We'll start with Mrs. Kusie for six minutes.

Before we do, I want to welcome in person our brand new clerk, Aimée Belmore.

Welcome Madam Clerk.

**Voices:** Hear, hear!

**The Chair:** Mrs. Kusie, go ahead for six minutes.

**Mrs. Stephanie Kusie (Calgary Midnapore, CPC):** Thank you, Chair.

Welcome, Clerk.

Thank you to Ms. Clarke and Mr. Boots for being here today.

Ms. Clarke, through the data you've collected, what do you think is the main reason we've seen such large increases in contracts with one consulting firm in particular, which is McKinsey & Company?

**Prof. Amanda Clarke:** You're right. The data that we present—which I think you have available to you but I can share as well—shows that McKinsey has the highest rate of growth by far between 2017 and 2021. The overall total amount spent on McKinsey is much smaller than a number of other firms.

Why has it grown so much? I can't speculate. I really don't know.

It's possible that the data is not actually that strong from the baseline point that we have. Something we've mused about is why it was such a small amount in 2017. There may be data entry errors or it could just be that year they didn't happen to get a lot of contracts, so it looks like a lot but it's actually not a huge change.

It's interesting that, when I speak to public servants about the firms they are worried about, they very rarely say McKinsey. More often—it depends on the case—it's Deloitte. PricewaterhouseCoopers comes up a lot, as does Accenture. Some of the big IT firms basically act like management consultant firms now, like IBM, which is another one that comes up a lot.

As for the growth for McKinsey, I haven't seen any reliable evidence to suggest why that's the case.

**Mrs. Stephanie Kusie:** Thank you, Ms. Clarke.

Of the \$101.4 million awarded to McKinsey under the Liberal government—and that is the amount that we know today, since the Prime Minister would not give us an amount in question period—20 out of 23 were sole-source contracts. A journalist did challenge me on that, but when 18 out of the 23 are pulled from a national standing list, this means that they were selected without a competitive bid. Those 20 out of 23 were sole-source contracts.

What procurement reforms, in your opinion, need to happen to ensure that government isn't handing out sole-source contracts to friends, contacts and insiders?

• (1550)

**Prof. Amanda Clarke:** On sole-source contracts, definitely there are very few people who would recommend that as a best practice for the responsible stewardship of public funds. It doesn't tend to come up as the go-to model for how to issue these contracts.

I think that, in any given case, the process that you follow, whether it's a full and open process or whether you have standing offers ready to go, is always a balancing act between the need for resilience, responsiveness and being able to contract quickly and also having processes in place to make sure that it's competitive, accountable and transparent.

Of some of the specific reforms that I can speak to around procurement that I'd love to see, one comes back to the data question. If we followed something like the open contracting data standard

that Mr. Boots mentioned, we'd be able to follow these contracts through each stage and really scrutinize what gets delivered. That's a huge issue. Never mind how competitive it was in the beginning. With a lot of these firms, the reports they produce, the analysis that's provided and the products never see the light of day for us as outsiders. It's really hard to know, call it out and then hopefully institute better practices to not contract with those firms again.

That's one thing. It's a big emphasis on better data and better disclosure of contract outputs. That would be a big one to help resolve some of these issues.

Another procurement reform that I'd like to see is looking at the size of contracts. This applies especially to software projects. I think in general, if you have smaller contracts, you're not as locked in and you can better keep firms to account. That would be another big one.

I think there should be more of an investigation and possibly rules introduced around the fluidity between senior leadership roles in the federal government and positions within these firms. It's pretty common, especially in the IT space, to see someone from a senior digital or IT role, especially in a CIO function, sashay into a second career at Deloitte or Accenture. That's a pretty common pattern that I've seen to the point that it almost becomes laughable. You're like, "Oh, there goes another one."

What are they doing there? Obviously they're rallying their contacts. They understand how the processes work in government. On one level, there's nothing wrong with that. We should encourage more interchange between the private and public sectors. I'm not against that in principle, but there's something concerning to me as a citizen and as a researcher of public administration to see people with that kind of influence then being able to drum up this business.

The other thing that happens is the other way, where you'll get people from these firms seconded in to help lead a project in government, and they're given government email addresses and security clearances. Some of those are just practicalities. They need to be able to access the system and that's how we've set it up, but it's not obvious.

I've had a number of public servants tell me that sometimes they're sitting in a room developing a new service, launching some kind of transformation strategy or developing advice for the minister, and it's not always obvious who's a consultant and who's a public servant. I mean, we should be concerned about that, because public servants have as their mission creating public value. We also subject them to a lot of rules around values and ethics, bilingualism, loyalty to the Crown and all of these things.

A management consultant's job is to produce profit. We should know who they are when they're in the room with public servants. It should be really obvious that they have a different set of values and drivers, justifiably. Corporations are going to act as corporations. I don't think we want them to pretend to be public servants. That's another reform.

What would that look like in practice? We'd have to have some rules about how we second these people into government and balance that with the risk of making it so hard that you never see that fluid interchange, which we also want to avoid.

**The Chair:** I'm afraid I have to cut you off there, because we're out of time.

**Prof. Amanda Clarke:** Yes, I'm sorry; that was a long answer.

**The Chair:** Thanks very much.

Mr. Housefather, go ahead, please.

**Mr. Anthony Housefather (Mount Royal, Lib.):** Thank you very much to Ms. Clarke and Mr. Boots for being here again. It's always a pleasure to see you.

I think that, just like the last time, you've offered a lot of very compelling testimony related to the larger question of outsourcing. We have a different study that we already had in place dealing with outsourcing, whether or not we're outsourcing too much—for example, to management consultants—whether or not we should be improving our Treasury Board guidelines and procurement practices and how we can have better data available to everybody. All of your testimony is perfect for that other study.

As you know, this study, which we were called back urgently to a meeting the past couple of weeks ago during the Christmas break, is about McKinsey. Let me just ask you about McKinsey.

Ms. Clarke, do you have any non-public information you'd like to share with the committee about McKinsey or about contracts with McKinsey today?

• (1555)

**Prof. Amanda Clarke:** No.

**Mr. Anthony Housefather:** Fair enough.

Mr. Boots, do you have any non-public information you'd like to share with the committee about McKinsey today?

**Mr. Sean Boots:** Also no.

**Mr. Anthony Housefather:** Ms. Clarke, were you involved in the negotiation of any of the contracts between the Government of Canada and McKinsey?

**Prof. Amanda Clarke:** No.

**Mr. Anthony Housefather:** Mr. Boots, were you involved in those negotiations?

**Mr. Sean Boots:** No.

**Mr. Anthony Housefather:** Ms. Clarke, were you involved in administering any of the contracts between McKinsey and the government, or do you have any non-public information regarding how they were administered?

**Prof. Amanda Clarke:** No.

**Mr. Anthony Housefather:** Mr. Boots, the same question is for you. Do you have any non-public information regarding the management of those contracts?

**Mr. Sean Boots:** No.

**Mr. Anthony Housefather:** The motion that we passed—and again, it's not your fault at all—was that we would “undertake a study...regarding government consulting contracts awarded to McKinsey & Company by the Government of Canada, or any Crown corporation, since November 2015, examining their effectiveness, management and operation, including the value and service received by the government”.

It would seem to me that you would be unable—and I would right now—to distinguish the value received from contracts with McKinsey from the value received from contracts with Deloitte or the value of any other management consultant, because you don't have the specifics related to each of those contracts right now.

Would that be correct, Ms. Clarke?

**Prof. Amanda Clarke:** Yes, for sure.

**Mr. Anthony Housefather:** Mr. Boots, would that be correct as well?

**Mr. Sean Boots:** Same here.

**Mr. Anthony Housefather:** Thank you.

While I take your testimony really importantly with respect to our other study, and I think you are very valuable witnesses and I learn a lot from you—with respect to that particularly, as I mentioned to you, Ms. Clarke, that article you wrote was fascinating and really very compelling—I don't think that, in the position you are in today, on this study you're able to actually give anything on what we're really supposed to be looking at related to McKinsey.

Let me ask you one last question. I think you've already stated this in your answer to Ms. Kusie. Do you have any reason to believe that the contracts provided to McKinsey were done in any different way than the contracts of any other management consulting company by the Government of Canada?

**Prof. Amanda Clarke:** No.

**Mr. Anthony Housefather:** Thank you.

Mr. Boots.

**Mr. Sean Boots:** No.

**Mr. Anthony Housefather:** I don't think I have anything more to ask.

I'm going to surrender my time, Mr. Chair. You can go on to the Bloc.

**The Chair:** Thanks, Mr. Housefather.

Next is Ms. Vignola.

[*Translation*]

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

Ms. Clarke, Mr. Boots, thank you for being with us. I am very aware that you cannot give us details on the McKinsey contracts, as neither you nor I have them yet. We hope to get them soon.

Nevertheless, your clarifications and answers will help provide a better understanding and improve processes within the public service and perhaps help better recognize our public servants' expertise.

On this point, Ms. Clarke, I was wondering about the following: based on your studies and your research, would you say that public service managers know and recognize the skills people on their teams have? Mr. Boots can answer afterwards.

[*English*]

**Prof. Amanda Clarke:** Do public servants recognize their own competencies in-house? Is that sort of the question?

[*Translation*]

**Mrs. Julie Vignola:** Do senior officials recognize their employees' skills? Do they, at least, know what they are?

[*English*]

**Prof. Amanda Clarke:** That's a tricky question. It's tricky because obviously I don't want to comment on every manager in the federal government. That would be impossible.

In general, I see two things going on.

A smaller group of public servants is I think more aware of what could be done in-house and would be excited to do it and quite capable and has enabling managers who want to do it, but the system around them makes it very difficult, because we have mired public servants in a literally incomprehensible web of rules and perceived rules. I really do encourage you to spend a bit of time on the Treasury Board suite of policies. It is shocking how deep you can get into layers of bullet points. Of course, this would be disabling to anybody, so there's that.

I think you touch on an important point, though, which is that there's a question of how, over time, we have a generation, perhaps, of public servants who have become so used to leaning on outside players with some of this core public service work, especially in the IT space and I think more broadly, that they see themselves perhaps as more like contract managers than actually doing the work themselves.

I don't think anybody would say they don't think their team is capable of delivering, and I certainly haven't met any public servant who is really excited about the quality of the work they get from a management consultant over what their team could provide, but I think there's a pretty good recognition that it's hard to deliver at the speed that some of the issues of today demand and also to be cre-

ative and innovative given the density of rules and processes weighing on a team.

• (1600)

[*Translation*]

**Mrs. Julie Vignola:** You said that when a consultant is hired, from the McKinsey firm or elsewhere, it can be difficult to know whether they are a public servant or an external consultant.

Who ultimately benefits from the expertise developed by external consultants?

[*English*]

**Prof. Amanda Clarke:** The situations where it makes sense to bring in outside expertise are.... Sometimes public servants will say that, for example, for surge capacity. If there's a sudden need for talent and you can't in particular hire them or it might not make sense to build a permanent team, it can be smart to work with outside players. Sometimes there's a very specific expertise you don't have on hand, so leaning on outsiders for that should be encouraged. We don't want an insular public service that presumes to have a monopoly on knowledge.

Where it becomes more problematic is on bigger questions around the strategy of public management or how a program is designed and who it serves. Multi-year transformation strategies are another area where a lot of these firms get really involved. From what I've seen, I don't think they are producing much of substance, but those are the kinds of things that should be treated as core public service work.

[*Translation*]

**Mrs. Julie Vignola:** Thank you.

I have here an open contract, awarded to McKinsey for IT professional services, which began in August 2019 and goes until the end of January 2100.

Tell me, Ms. Clarke, what justifies an open contract for the next 81 years, whether it is with McKinsey, Deloitte or the other firms we talked about?

What justifies a consultant being kept on board instead of hiring our own specialists? I cannot believe that, in 81 years, we wouldn't be able to find our own specialists.

[*English*]

**Prof. Amanda Clarke:** I don't know this specific contract, but certainly, the idea of having open contracts, in this case, over 81 years seems outrageous. This is when you have to ask what the point of having a civil service is.



Our model is predicated on this idea of a permanent, merit-based and neutral public service, who provides continuity of service and corporate knowledge across different administrations. This is where ministers are supposed to be able to turn for frank advice and loyal implementation. This is at the core of our Westminster model. When you start to see things like this, such as an open contract to dip into external advice as and when needed.... The justification was probably that you want to get that quickly, so if you can create an open contract, then you don't have to keep going back through the process.

I do think you encourage that with how convoluted the process has become. That's another reason why part of fixing this mess is going to be streamlining the rules around how contracts are given. Streamlining is key. It's not adding new rules, because new rules are going to make it even harder and encourage this activity of creating standing offers and having open contracts that are kind of non—

**The Chair:** I'm sorry. I must interrupt again. That's our time.

Mr. Johns is next for six minutes, please.

**Mr. Gord Johns (Courtenay—Alberni, NDP):** I appreciate you both being back here.

Could you give us some history on this? When did outsourcing really take off? We're looking at McKinsey, and you talked about Deloitte. Should we be studying Deloitte? Is it also out of control in terms of outsourcing and getting private contracts?

Can you speak about the history? When did this really get going?

**Prof. Amanda Clarke:** Management consultants have always played a pretty big role in public administrations globally with some variation. Canada has a really interesting history of having worked with management consultants early on in some of the first government reform exercises in the sixties, right around—

• (1605)

**Mr. Gord Johns:** With McKinsey, we're seeing this exploding amount. Was there a company under the Conservative government that it favoured and took off as well? Was there anything that we should be looking at and examining?

**Prof. Amanda Clarke:** Most of this kind of rampant outsourcing, coupled with systematic neglect or underinvestment in the state, really gets going in the eighties in most jurisdictions and in Canada as well. That was the kind of age of outsourcing, and it has continued since. Management consultants have always been around across different administrations. I think it's pretty politically neutral in that sense.

**Mr. Gord Johns:** What I meant was, for example, McKinsey. They went from \$2 million under the Conservative government. We're up to \$100 million plus.

Is there any other company that has been outsourcing and in favour with the government that should be examined as well as McKinsey?

**Prof. Amanda Clarke:** I appreciate that there are particular dynamics that have led to this specific focus on McKinsey, but in my opinion, it doesn't make sense to focus on McKinsey.

**Mr. Gord Johns:** Should this committee be studying Deloitte and contracts with Deloitte?

**Prof. Amanda Clarke:** I think the focus on outsourcing and contracting in the federal government is a broad enough umbrella to get at these issues. Any given firm....

It's not going to lead to a useful outcome, because if we solve McKinsey by creating a bunch of rules, you're still going to have a position where management consultants are largely doing the work of government in ways that are unaccountable and have very little value for money. I don't think it's going to solve that problem.

**Mr. Gord Johns:** Do you think that, if there were strong whistle-blowing laws in Canada, that would help curb some of this outsourcing? Would public servants be able to come forward and raise alarms when they see contracts explode like this, and when they have concerns about them within the public service?

**Prof. Amanda Clarke:** I think the focus on whistle-blowing would imply that, in each of these cases, it's a really obvious, sensationalist breach of good governance. It's actually more of a slow burn, and sometimes it's more subtle. I think public servants whistle-blowing.... They're not going to whistle-blow about the fact that one of their colleagues has a government email address and works for Deloitte and it's not really obvious. It's not a really great story. It doesn't sell.

However, I think that over time, this bigger erosion of state capacity is what this committee has the opportunity to address. That's what the focus should be.

I think McKinsey is a bit of a distraction, if I'm being honest, from the real issue.

**Mr. Gord Johns:** In 2016, you wrote an article about the paradox that the federal government is caught in around the fear of failure and the need to innovate. I'm wondering if you can reflect on the role that institutional knowledge has in the ability of a federal government to innovate, and whether or not it's beneficial for certain jobs or tasks to be carried out by a third party outside of government. It seems to me that a government can't innovate when the role of innovation is being outsourced, or it can't learn from failure when that failure is burdened by a private company.

Do you have any thoughts on this paradox and how it relates to McKinsey and the contracts it receives?

**Prof. Amanda Clarke:** In the research around sclerosis and barriers to innovation in the federal government, almost universally, when you ask public servants why this is something that the federal government complains about a lot.... It's pretty common. You can find quotes, through the clerk, going back decades, commenting on this specific issue: that we have a federal public service that is riddled with risk aversion and that undercuts innovation.

Where I think it plays into the consulting piece is, as I said earlier, when you're stuck in that environment, it's hard to be responsive and innovative and to encourage and enable your team. That's sometimes why management consultants get turned to. It's this vicious cycle. Because as you rely on these management consultants, you don't do the hard work of investigating why our public service is not capable of delivering this.

On the point around risk aversion and explosions of accountability that actually undermine accountability, that's a key one to address. I think parliamentarians played a big role in that, because in many cases, public servants will say the reason they act this way and are so risk averse is that they don't have an enabling environment to try new things, make mistakes and learn along the way. It's impossible to be innovative in that context.

Media, academics, parliamentarians and all outside scrutineers of government have a role to play in being critical and investigating failure in government, but also maybe creating a bit more space for public servants to experiment. That's not something we really tolerate in our political culture. It's not true in other cases. I've spoken to public servants in other jurisdictions who do not feel the same way.

• (1610)

**Mr. Gord Johns:** I'll lean into the ownership piece, because the outsourcing of risk and innovation comes with the outsourcing of ownership and development too. It seems to me that the same stagnation would also apply to the development of the resources of our public service.

Can you speak about the intellectual property rights and the ability for departments to share resources as these relate to outsourcing contracts like McKinsey's?

**The Chair:** I'm afraid you have only about 10 seconds.

**Prof. Amanda Clarke:** I'll basically say that, yes, the issue of IP and data ownership whenever you contract out is a really important one. In a number of cases, governments are finding themselves buying back data from firms they contract with, especially for service delivery. It's like a twofer for the firm.

That's a good point to raise, and I'm happy to discuss it more when I have more minutes.

**Mr. Gord Johns:** I'll come back to you.

**The Chair:** Thanks very much.

We have Mr. Barrett for five minutes, please.

**Mr. Michael Barrett (Leeds—Grenville—Thousand Islands and Rideau Lakes, CPC):** Thanks, Chair.

Thanks to both of the witnesses for being here today.

Professor Clarke, in your research, have you found an example of a company receiving a 50-fold increase in contracts received from a government—specifically, the Government of Canada—over a term of less than eight years, while the principal of that organization is a close friend of the head of government? In this case, it's the Prime Minister.

**Prof. Amanda Clarke:** No, I've never seen that before. I haven't really been looking for it, to be fair, but no, I've never seen that before.

**Mr. Michael Barrett:** It's interesting that you point out that you haven't seen it, but you haven't been looking for it. This issue came to light through reports in the media. There have also been efforts undertaken by journalists around the world with respect to McKinsey specifically.

Do you know of, or have you read reports of, some of the other firms you mentioned—PricewaterhouseCoopers, IBM, KPMG—holding corporate retreats within a couple of thousand metres of a concentration camp? Are you familiar with examples of that?

**Prof. Amanda Clarke:** No. To your point, when I was going through the focus of this study, there is a....

I said earlier that McKinsey was a distraction, but I should clarify. On the issue of how to make the public service more resilient and to better manage procurement, I think the focus on McKinsey can be distracting. But there is an interesting policy question around this: At what point does a firm's broader ethical behaviour and values mean that they're just, like, a no-go zone? Do we want to start developing rules around that?

I mean, I'm not an expert on McKinsey's particular history, but I read the news like everybody, and yes, there are some really problematic lines on their CV. Yes, it's a legitimate question to ask if that's something the federal government would want to examine. To me, that's a distinct issue, though, from reform in procurement as a larger issue and what I think are the more immediate problems with how we run procurement in Canada.

**Mr. Michael Barrett:** Do you think incidents like that or, for example, McKinsey and the work they were documented as having done for Purdue Pharma, specifically in helping to supercharge opioid sales in the sale of OxyContin...? That has ultimately led to the fire that's burning across North America, which is the deadly opioid epidemic. Do you think something like that, that kind of work, being done by a company that is now a \$100 million-plus supplier or contractor for the federal government...? Do you think that association undermines, or risks undermining, public confidence in the public service?

**Prof. Amanda Clarke:** I can't say. I think that's an eminently studiable question. You could do some public opinion research to see how the McKinsey contracts are changing public opinion toward the state. Yes—but I would just be offering opinion, at that point. I don't know the extent to which Canadians are paying attention or that it's eroding trust.

**Mr. Michael Barrett:** Right. With respect to that, to the extent that Canadians are paying attention, there seems to be quite a bit of public interest, as has been evidenced by the amount of ink spilled by the press.

Though you haven't likely been looking for it, in your research have you found any examples of any other management company that saw a 50-fold increase in the amount of money they were receiving from the federal government in contracts after driving the immigration policy for the Trump administration in the United States? Is that something you've observed over the last eight years?

**Prof. Amanda Clarke:** No.

**Mr. Michael Barrett:** No. I guess the concern I have specifically with Mr. Housefather's line of questioning is that we have an opportunity here to get some analysis on the impacts of these types of contracts on the federal government. You're certainly an expert in that. These observations that I'm discussing with you are so important, because the type of company that McKinsey is is exactly the type of company that Canadians wouldn't choose to do business with in their personal lives. I've listed a couple of examples, including McKinsey's work in helping the Saudi government track people who are political opponents of theirs, to then target their families and exact punishments on them.

My concern, Chair, and the reason we're talking about McKinsey today, is the type of company they are, the type of country we are and the risk of damage to brand Canada that they could do.

• (1615)

**The Chair:** Great. Thank you, Mr. Barrett.

We have Ms. Thompson for five minutes, please.

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

Welcome back to committee, Dr. Clarke and Mr. Boots.

I want to start with a couple of articles that go back a number of years. One is from November 2013. I'll begin in the middle of the article. It says:

Over the past three years, Deloitte...has received almost \$53 million in federal government contracts that are worth \$100,000 or more, and in excess of \$135 million in major contracts since the Harper government came to power, shows a review of recently tabled public accounts conducted by Postmedia News. Contracts valued at less than \$100,000 are not individually broken down in the annual public accounts.

Another article is from September 2011. It says:

The Harper government defended paying almost \$90,000 a day to a big consulting firm for advice on how to save money, saying it can't do the job properly by itself.

"The fact is that we feel we need to have outside advice," Finance Minister Jim Flaherty said Tuesday.

"It isn't good, quite frankly, for a government to just look at itself. There's a lot of expertise in Canada on the subject of public-sector productivity, for example, and we [need to] look forward to having the advice of, in this case, Deloitte's."

The Canadian Press earlier reported that Deloitte Inc. was hired on Aug. 15 on a \$19.8-million contract to advise the federal cabinet and senior officials on finding enough savings to balance the books by 2014.

I realize that we have an outsourcing study under way, so I really feel that information sits there in light of the McKinsey study today. Federal spending consultant contracts awarded to McKinsey rose in

2020-21 relative to other years, and the increase is likely related, at least in part, to pandemic-related services relative to McKinsey in this study, rather than the outsourcing, which I believe is very important for us to look at.

Could you provide information around the McKinsey contracts of 2020-21?

**Prof. Amanda Clarke:** I can't, no.

**Ms. Joanne Thompson:** Thank you.

Mr. Boots, I'm really interested in your comments around transparency and data quality. I agree. I think it's incredibly important, again, to the outsourcing study. I think it's something that we obviously have to look at in great depth.

For this study, can you speak to transparency and data quality in relation to the McKinsey contracts?

**Mr. Sean Boots:** I can't speak specifically to the McKinsey contracts.

The only thing I think I would note is that, to the credit of the open data team that publishes the proactive disclosure of contracts data, the quality of data included in the dataset really increases around 2017-18, and that's why that was the early boundary of the time period that we looked at in our research. There's scattered historical data from before that point, but it's hard for us to analyze that. Given that's when the data gets good, that's where we started.

**Ms. Joanne Thompson:** Right, but I'm trying not to duplicate the study.

In relation to McKinsey, is there anything specific around the McKinsey contracts on transparency or data quality?

**Mr. Sean Boots:** No, there's nothing specific to McKinsey in our research.

**Ms. Joanne Thompson:** Thank you.

Mr. Chair, I'll pass on the rest of my time. Thank you.

**The Chair:** Thanks very much, Ms. Thompson.

Ms. Vignola, you have two and a half minutes, please.

[Translation]

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

Mr. Boots, one of the provisions pertaining to awarding sole-source contracts indicates that the firm will have exclusive rights.

Does it happen often that a company has exclusive rights over services to the public?

• (1620)

**Mr. Sean Boots:** It's a good question.

The database contains information showing whether the intellectual property belongs to the firm or the government. However, this information has only been added to the database over the past few years, and it is therefore difficult to have an overall picture. That being said, in most professional services contracts, the intellectual property belongs to the company. Departments must follow an exemption process to be able to own the intellectual property, but there are elements that make this very difficult.

This is addressed in one of the recommendations Ms. Clarke and I presented in our little report.

**Mrs. Julie Vignola:** Earlier I mentioned a contract awarded to McKinsey & Company that is open until 2100. It's contract number EN537-05IT01/233/EI-001.

When you go on Buyandsell.gc.ca to see how much the contract is costing taxpayers, you just see zero dollars.

It's great to take a long view of things. That is the goal of a government staff member. Nevertheless, the contract is for zero dollars.

Is this a problem?

If so, what can we do to make sure taxpayers know how much this contract is actually going to cost them in the end?

**Mr. Sean Boots:** It's an excellent question.

[English]

**The Chair:** I'm sorry, Mr. Boots, we are out of time. Would you be able to provide that in writing to the committee? Thanks very much.

Mr. Johns, you have two and a half minutes.

**Mr. Gord Johns:** Thank you.

Ms. Clarke, to get back to the issue of intellectual property and sharing knowledge and resources between departments, can you talk about what has been happening with the federal government paying to use or develop a service and then having to pay for it over and over again, whether that's for leasing or for another agency to use it, whatever it might be? It sounds like a whole lot of taxpayers' dollars being thrown out the window.

What would happen differently if that service were developed for and by the public service?

**Prof. Amanda Clarke:** There are a few things there.

One is that, in particular, whenever firms are contracted in to develop digital systems or any kind of citizen-facing digital interface, there is always opportunity for lots of data to be collected that, in some cases, would have privacy questions but also have a lot of

value to potentially improve the policy process, make government work more smartly, etc.

There have been cases—and I don't know how much this happens across the federal government but it can happen—that in these contracts you don't specify that the data that's produced is then owned by government. There have been instances of governments buying this back. That's one issue.

On the second point you raised around basically being able to re-purpose a service that you procure, we would all assume that's happening. If you were running your own business and you paid for some piece of advice or some service that you could use in different lines of your business, you would do that.

It doesn't happen often in government for a few reasons. One is that the contract might specify that it can't, but more often I think it's because departments aren't talking to each other. It's quite likely, and I have heard anecdotally, that if we had more data on what these contracts were, I think we'd see that in many cases departments and units within the same department are paying for the same thing over and over from the same firms.

**Mr. Gord Johns:** It sounds outrageous to me.

Can you also talk about the risk to Canadians' privacy when government outsources IT work that involves very personal data?

**Prof. Amanda Clarke:** In some cases the firms you're working with will have best-in-practice security and privacy measures in place, so it's not necessarily a problem. This has long-standing been a challenge of government relying on non-governmental players for its work. Just by virtue of developing a product or a service or a strategy, you end up learning a lot about the nature of that program, the users of that program and what impact it has. I think this is where we start to see the gutting of the state's knowledge. The more your relationship with service users or with stakeholders or with your program is mediated by a contracted party, the less you know about your own operations. Governments are actually becoming dumber the more they contract, which has this vicious cycle of meaning you contract more because you don't have the knowledge.

It's a genuine concern. It exists in the IT space especially because there's a lot of data and information, but it's always been a reality of government outsourcing, whether that's with management consultants or non-profits. It's always a real challenge, how you close the loop on making sure that any information that is produced through that program you're outsourcing goes back to the policy-making—

• (1625)

**The Chair:** I'm afraid I have to cut you off again, Professor Clarke.

Thanks, Mr. Johns.

We're suspending at 4:31, so we're going to do two and a half minutes with Ms. Block and then two and a half minutes with Mr. Housefather.

Go ahead, Ms. Block.

**Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC):** Thank you very much, Mr. Chair.

I want to echo my colleagues' comments and welcome both of you here today.

I truly appreciated the testimony you provided to us in the past. I think what's important about the testimony we're hearing yet again, today, is that it provides us, as a committee, with a backdrop to understand not only the issue around outsourcing but also, as you pointed out, the policy debates we need to have when we have a flashpoint like McKinsey—when it's in the news that this company's contracts with the government have increased fiftyfold, as my colleagues have said.

Even if Canadians aren't paying attention, we certainly need to. We need to dig into that and find out what is embedded in the rules around procurement and contracting that allows for this reliance on contracting out to management consulting companies, and what gaps and holes there are in that system, which allow us to contract with companies like McKinsey and see that kind of growth happen so quickly.

Obviously, we've had reports about that. Public servants have also stated publicly, albeit on background, that they were concerned about the work being done. They're not sure what was gained in the department by the work done by these consulting firms. They didn't know what they brought to the table. It's also concerning to us when public servants start to question why this outsourcing is happening.

I heard from you that you think significant reform of contracting rules needs to be undertaken, without necessarily growing the number of rules and making that more onerous. You also commented on the fact that there are numerous models, internationally, for what we might do and where we might look to start trying to get this in hand.

I'm wondering if you could give us some examples of jurisdictions we could look at.

**The Chair:** I'm afraid that's time. We'll have to ask Mr. Boots to provide that in writing to the committee.

Mr. Housefather has 30 seconds.

**Mr. Anthony Housefather:** I have two and a half minutes, Mr. Chair, and I'm taking them.

First of all, thank you for being here again.

Mr. Barrett threw some remarks and assumptions into his question. Mrs. Clarke, did you know the Prime Minister is close person-

al friends with Dominic Barton? Do you have any personal knowledge of that?

**Prof. Amanda Clarke:** Yes, I know that, but it's not personal. I haven't hung out with them.

**Mr. Anthony Housefather:** Do you know who's going to be here on Wednesday? It's Dominic Barton. We could ask him that question.

You're not the one who knows what the relationship is, but you do know that, in the procurement system, the Prime Minister is not the one who awards contracts.

**Prof. Amanda Clarke:** I don't know what happened in those cases.

No, as the rules are written and as I've understood the process, it doesn't seem to be something most ministers—let alone prime ministers—pay attention to.

**Mr. Anthony Housefather:** When we talk about increasing by fifty times.... If I had a contract with a company for \$100, and the next year I had a contract with them for \$5,000, what would the percentage increase be?

• (1630)

**Prof. Amanda Clarke:** I'm sorry. Are you marrying the question to the McKinsey contract?

**Mr. Anthony Housefather:** It would be 50%. You would have 50 times more...from \$100 to \$5,000. Meanwhile, we have McKinsey gaining about \$100-odd million over seven years of government. That's not a lot of money for these types of consulting firms, in the Government of Canada equation. We may have increased, for example, Deloitte's payments by a higher range from one year to the next, but that might only be doubling the amount paid to Deloitte versus 50 times.

Is that correct?

**Prof. Amanda Clarke:** It's hard to say. I agree there's something funny about the data and increase. I think there are potentially data entry errors or issues around how to count.

I want to clarify that I think Mr. Boots did a good job on that, but the data we present shouldn't be taken as a perfect snapshot, because we can only work with what we have. It's possible the McKinsey contracts were for more, before. We don't really know that yet.

**Mr. Anthony Housefather:** What I'm saying is.... For example, if I had no contract with Oracle, or a tiny contract with Oracle, and then decided to put in an Oracle system, my exponential spending with Oracle would increase drastically, but it wouldn't be unreasonable, necessarily.

That's why we have to look into it. We need the specifics.

**Prof. Amanda Clarke:** Absolutely, and we've always said, when we've presented the data around what stands out as a huge percentage increase from McKinsey's contracts over the time period, is that it may very well just reflect specific contracts that were given at any given time to those different firms.

**Mr. Anthony Housefather:** We'll find out.

Thank you so much.

**The Chair:** Thanks very much.

Mr. Boots and Professor Clarke, thank you for joining us again. It was fascinating. I really hope to see you back in OGGO whether for this or in other studies. It's been very interesting, so thank you for your time.

Colleagues, we're going to suspend for a few minutes so we can bring in our other witnesses virtually.

We are suspended.

• (1630) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1635)

**The Chair:** Thank you, everyone. We are back.

To the witnesses, again I'm going to try to save about the last 15 or 20 minutes for some urgent committee stuff that we have to take care of.

We'll start with a five-minute statement from Ms. Carr.

Ms. Carr, welcome back by the way. I think it may be your third appearance. A couple more and you'll get a free coffee with us.

Please, go ahead for five minutes.

**Ms. Jennifer Carr (President, The Professional Institute of the Public Service of Canada):** I will hold you to that.

Good afternoon, everybody. As mentioned, my name is Jennifer Carr, and I am the president of the Professional Institute of the Public Service of Canada. Today with me is Jordan McAuley, who is our expert on government outsourcing, to assist me in answering your questions this afternoon.

The Professional Institute represents 72,000 public service professionals across Canada, mostly in the federal jurisdiction.

Last October I testified before this committee. I thank you again for recognizing the Professional Institute as a leading subject matter expert on contracting out. We have prepared several reports on this critical matter, and we are available at any time to discuss our findings with you.

Over a year ago, a contract to McKinsey around the Phoenix pay system also made the news and opened up refreshed questions about the increase in government outsourcing. For years, we have seen the government over-rely on costly outsourcing. McKinsey is just one of the latest examples.

To summarize our position, work that is contracted out impacts the security of the government's IT systems and results in higher costs and a lower quality of services to Canadians. It's less transpar-

ent and less accountable. There is a loss of institutional knowledge and skills, and this hurts the ability of the government to recruit and retain the professionals it needs. Not investing in the public service costs taxpayers more and delivers less.

The contracts awarded to McKinsey are not only unnecessary and scandalous, given the dubious relevance and the quality of the advice they provided, they are just the tip of the iceberg. While the present government is now rightfully facing criticism on this issue, it is not a new problem. Previous governments of all stripes have invested ever-increasing amounts on contracting out.

Years of unchecked spending on government outsourcing by these various governments have created a shadow public service of consultants and temporary staff operating alongside the government workforce. This shadow public service plays by an entirely different set of rules. They are not hired based on merit, representation, fairness or transparency. They are not subject to budget restraints or hiring freezes, and they are not accountable to the Canadian public, yet, year after year, the federal government continues to make costly decisions on outsourcing. The Professional Institute alone has filed over 2,500 grievances where work was outsourced to this shadow public service.

To better situate outsourcing to McKinsey in the broader context of the use of consultants in the federal public service, I would like to provide you with some key numbers that we want to bring to your attention.

I will let Mr. McAuley describe the overall trends.

**Mr. Jordan McAuley (Data Analyst, The Professional Institute of the Public Service of Canada):** Thank you, President Carr.

My name is Jordan McAuley. I'm a data analyst at PIPSC. I've been working with the proactive disclosure data for at least five years now. I'd like to reiterate some of the things that were said in the last meeting.

There are serious data quality issues. We are very aware these are estimates and not precise figures necessarily. Looking at it closely enough, you can definitely identify certain trends. There are three that I would like to point out within the context of this hearing.

First, as President Carr alluded to, this was a problem going back far beyond 2015. There were years during the Harper government where spending on consultants approached a billion dollars a year. Specifically, we looked at IT consultants, management consultants and temporary help services. We think those three categories of consulting best represent personnel outsourcing, which is what we're most particularly concerned with.

The second point is that, since the Liberal government came in, in 2015, the problem has gotten worse. That's despite the commitment by the Prime Minister, when he was campaigning, to reduce outsourcing spending to 2006 levels. We see no indication in the data that this was a serious commitment. The spending, especially on IT, has continued to grow each year. Overall, the numbers look like they have roughly doubled between 2015 and 2022 in those three categories of consultants.

Lastly, on the \$150 million of contracts that went to McKinsey, although it's great in that it got us here to have this discussion, it's very small relative to large IT contracts. I know that was discussed in the last meeting. A company like IBM, for instance, in 2016 received more than double what McKinsey did over an eight-year period in a single year. That's just for IT consultants.

Looking at the data and what we've been tracking over a number of years now shows that the scope of this problem goes far beyond McKinsey or any one company.

• (1640)

**The Chair:** Thank you.

That's our five minutes, I'm afraid. Thank you for your opening comments.

Mr. McAuley, it's always a pleasure to have another McAuley in committee today, even if you spell it wrong.

We're going to start with Mrs. Kusie, please, for six minutes.

**Mrs. Stephanie Kusie:** Thank you, Chair.

Thank you very much, Ms. Carr and the other Mr. McAuley, for being here today.

On page 62 of the infamous book *When McKinsey Comes to Town* written by Walt Bogdanich and Michael Forsythe—and I'm sure you'll hear me make reference to it over the coming weeks as we study McKinsey—it states, “McKinsey burrowed deep into state and federal agencies by selling the idea that ordinary government workers lacked the training and experience to understand the nuances of [government]”.

I think that's something similar to what Ms. Carr was describing there.

I'm now going to go to a CBC article from January 4, 2023, which indicated the department that used McKinsey the most was Immigration, Refugees and Citizenship Canada. In this article, two public servants explain that the many policy decisions were decided by McKinsey rather than public servants. They also said these policy decisions were made without public interest as their top priority.

Ms. Carr, what is the morale of the public service when consulting firms come in and take over projects from public servants?

**Ms. Jennifer Carr:** You know, to be 100% honest, it hurts morale. We have a set of professional people who have been hired for their talents and skills. To not be part of the conversation is very damaging. It runs really deep into the workforce. When their work is outsourced, again those skills and expertise leave the public service when the contract ends. Basically, that means the outsourcing is much higher in cost rather than just dollars and cents. We lose accountability. We erode the capacity of our workers to work with those systems, and we hurt the ability to retain our staff.

**Mrs. Stephanie Kusie:** Do you think that consulting firms prioritize what is best for public interest compared to public servants?

**Ms. Jennifer Carr:** I don't believe so. I believe they are in the business of making money, of being able to have a contract. I believe some of the contracts are actually written so they can perpetually have that work. One example I can give you is Phoenix, the pay system outsourced to IBM. Even if my members, very highly skilled IT workers, know how to go in and fix it, they can't because it's a sole-source contract and we aren't allowed to go in and make the fixes that we know would be helpful.

**Mrs. Stephanie Kusie:** When morale is down in the public service for reasons such as outsourcing to consulting firms like McKinsey, how do you think that impacts the efficiency and effectiveness of our public service?

• (1645)

**Ms. Jennifer Carr:** There are many levels to that question. I'd like to say it's disheartening for federal public servants to see that their work is being outsourced. The government is actually valuing that work by paying the market rate of the service plus markup, while public servants are perpetually being told the government can't meet market rates for them.

I won't lie, IT workers walk away from the public service to join contractors, because they are getting the respect they need and the pay they deserve. Why wouldn't they? It's an endless kind of cycle. If we don't break it now, it will decimate the federal public service.

**Mrs. Stephanie Kusie:** Something that my leader mentioned in his McKinsey press conference two weeks ago was the value for money of having external contractors as compared to doing the work internal to the public service.

Do you think the government is getting good value for money by awarding contracts to McKinsey instead of doing the work internally?

**Ms. Jennifer Carr:** I don't think so.

I think we have a set of expertise in-house. It would be more prudent for the federal government to invest in and upskill those workers to allow them to do the jobs on behalf of Canadians, with value for money in mind—not the perpetual use of contracts that are employing and making shares and dividends for the companies.

**Mrs. Stephanie Kusie:** You touched on this in your opening statement. What accountability and transparency standards do public servants have to encounter compared with consulting firms?

**Ms. Jennifer Carr:** There are values and ethics, and disclosures of conflicts of interest. They also have to go through gender-based analysis and other programs to justify the solutions they come up with.

Of course, the federal public servants themselves have to be bilingual. They have to be reflective of the diversity of the nation. They have to have regional distribution. A sole-source or a big business does not have to meet all of these things to work with the federal public service.

**Mrs. Stephanie Kusie:** Why do you think the government out-sources to companies like McKinsey instead of developing the public service?

You made reference to this in your opening statement.

**The Chair:** Provide a very short answer, please.

**Ms. Jennifer Carr:** The short answer is that right now we need to upgrade our government hiring polices. We need to make sure they're hired quicker and more efficiently.

We have to modernize our IT procurement and invest in our in-house expertise. We also have to pay for that in-house expertise. Spending three or four times as much to outsource when we can pay a relatively good salary to provide that consistent delivery of services and programs that Canadians rely on.... It's ensuring that taxpayers receive value for money.

**The Chair:** Thank you, Ms. Carr and Mrs. Kusie.

We'll go to Mr. Kusmierczyk, please, for six minutes.

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

Thank you, President Carr and Mr. McAuley, for joining us again here at OGGO and for providing your excellent testimony. Furthermore, thank you to the tremendous public servants who you represent.

We've gone through so much in the last couple of years. Thanks to the workers—the public servants—you represent who are committed and dedicated, Canadians were able to get through the toughest two years. I just wanted to say thank you on behalf of everyone here around this table for the tremendous work of your members.

Since about 2015, our government has made tremendous investments in our public servants. You can look at the fact that since 2015, when this government took office, we've hired about 60,000 full-time employees in the public service, which is an investment of roughly an additional \$20 billion. That's 60,000 full-time employees hired. I wouldn't say this federal government is shy about bring-

ing services in-house, nor is it shy about investing in our federal public service.

I just wanted to ask you for a comment on the fact that we've seen a tremendous growth in the number of full-time public servants, and we've seen increased investment in our federal public service.

• (1650)

**Ms. Jennifer Carr:** Yes, I think we'd have to go and actually look at where those investments have happened. Definitely from the start we want to make sure that the government fully engages us with any kind of review of where public services are delivered.

We are facing a technological change right now and we need to make sure that the government engages with its workforce around the rapid changes of the government in the workplace. We also need to be more transparent to Canadians. Definitely at the last strategic review that happened, when we are talking about a large public service, that led to across-the-board cuts, and when we look at where hiring is done, we need to determine whether it has been done in a strategic way to meet certain objectives. I would say the overreliance on IT consultants is leading to what we call a shadow public service, which is just eroding our capacity to deliver on behalf of Canadians.

**Mr. Irek Kusmierczyk:** Thank you, President Carr. I can tell you that all of us around the table here are taking your comments to heart. We want to look very seriously at outsourcing and how we can improve the system and strengthen the system's accountability and transparency around our outsourcing processes.

You point out the growth, obviously, as a concern in terms of outsourcing, but can you describe situations where outsourcing makes sense, where some of the skills and expertise that are provided by these outside companies really do complement the work of our excellent federal public service?

**Ms. Jennifer Carr:** Yes, I'll echo Professor Clarke's message on this, which is that there are times when we do need to contract out services, again, with surge capacity or for a special purpose. Unfortunately, what I feel happens is that we contract out the whole project instead of the piece where we bring people in to help amplify or to provide that piece that the public service is missing and share that talent or that expertise with our internal people, making sure that the in-house capacity is leveraged as well.

What we tend to do is then leave those contracts in place for the whole project, when those [*Technical difficulty—Editor*] and building that in-house capacity.

**The Chair:** Can I interrupt for a sec? You froze for a second. Would you mind repeating the answer, Ms. Carr?

**Ms. Jennifer Carr:** Okay, where should I begin?

**The Chair:** The last 30 seconds.



**Ms. Jennifer Carr:** What I was saying was that, when we contract out, what happens is that instead of transferring that knowledge in-house and leveraging the contract to find the deficiencies and improve and upskill the government workers, that piece usually leaves with the contract and leaves us in the same hole that we were in at the beginning, instead of creating an upskilled workforce that can take those challenges to the next level.

**Mr. Irek Kusmierczyk:** Thank you so much, President Carr.

You mentioned that we are experiencing a period of extreme disruption both within Canada and globally. There are certain forces that are acting upon the world, whether it's automation, whether it's AI, whether it's cloud computing or whether it's remote work even. All of these forces are coming to bear on the work that we do as a government.

A global company like McKinsey, for example, that has 30,000 employees across the world in 65 countries, might it have a certain expertise or understanding of best practices that it can share with our federal public service that we may not have access to because we may not have those day-to-day contacts or those networks that are global? Is there value in that sense, in terms of sharing the expertise with a company that again is so connected globally?

**The Chair:** Maybe a 30-second answer, please.

**Ms. Jennifer Carr:** Yes, that's fine. The answer lies in your question: sharing the expertise. I don't find that they are sharing expertise. They're coming in to do the work and leave with the work.

There is a difference between coming in to help solve the problem and create a solution that works in-house, and creating an over-reliance on your expertise without adding to the in-house expertise that we need.

• (1655)

**Mr. Irek Kusmierczyk:** That's an excellent point. Thank you.

**The Chair:** Thank you, Ms. Carr.

Mrs. Vignola, go ahead, please, for six minutes.

[*Translation*]

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

Ms. Carr, Mr. McAuley, welcome to the committee and thank you for being with us.

You already answered my first question, which was about the problem related to the use of consultants. We are talking here about McKinsey & Company, but the government hires a number of other companies. You can add any missing elements, but you answered that these firms were not held to the same ethical standards, disclosure and accountability measures. They do not even have to fulfill diversity and inclusion standards.

It can be necessary to call on consultants. Having been in the school sector, I know that it can take the help of external services to create the spark of creativity that leads to solutions. That sometimes happens. However, when the consultants aren't held to the same standards, does it not become a way to circumvent the rules to apply new ideas? That's what I'm wondering.

As for the use of consultants, has your union received many grievances from public servants? If so, how many, and on what grounds?

Let's start with those two questions.

[*English*]

**Ms. Jennifer Carr:** On the question regarding innovation, I think what happens with outside consultants—I'll go back to the morale—is that you have a lot of people who are capable of doing the work but who are hitting a glass ceiling because of the language barriers of regional distribution. They can't overcome those barriers. That was one of the good things about a virtual working space—we could hire talent from across the country in order to fill in those spaces to create that talent and move it upward into the government.

I did mention that right now we have 2,500 grievances against the federal public service and against Treasury Board with respect to which we know that the work that consultants are doing is taking work from our members. These are jobs that consultants are doing that could be done in-house by federal public servants. We also know from the CIO that we are short 7,000 IT workers. If we can't even retain and recruit the members and keep the members we have, we're never going to reach the goal of having a self-sufficient federal public service and our reliance on contracts will just continue to grow.

[*Translation*]

**Mrs. Julie Vignola:** I will continue on the topic of information. The government's hiring of consultants to do IT work is costly and contributes to the loss of institutional memory. You just stated that there are 7,000 workers missing in the IT field.

Have they been hired or is there still a gap?

What would it take for these specialists to find the public service attractive, stimulating and pleasant enough to join it and provide their expertise while being confident that it will be recognized?

[*English*]

**Ms. Jennifer Carr:** It's very clear that there are things that are missing. Again, there's the glass ceiling because of the regional distribution. There are people who would not be willing to move to the national capital to move up in the ranks. The pay scale is far behind that of our private counterparts, so you really have to make a decision at the beginning. There is the Phoenix pay system, of course, so even if we could hire people into a good job, not knowing whether they are going to be able to be paid properly is a huge barrier right now. The government's being more reliant and spending more money on outside contracts for IT than on its own IT workers internally is also sending a silent message to our workers that they are not valued and that the government would much rather go outside to get the work done.

• (1700)

[*Translation*]

**Mrs. Julie Vignola:** Thank you.

You mentioned 2,500 grievances pertaining to tasks that were given to subcontractors but that public servants could have done. How many of these 2,500 grievances were specifically about consultants, particularly McKinsey & Company?

Is it possible to get a breakdown of the grievances?

[*English*]

**Ms. Jennifer Carr:** I don't think I could do that. No. They are all consultants.

[*Translation*]

**Mrs. Julie Vignola:** In situations where bringing in consultants is absolutely necessary, are there ways to require consultants to follow the same rules as public servants?

How could these rules be put into place?

[*English*]

**Ms. Jennifer Carr:** What little knowledge I have is, yes, it is possible. It is possible to put contract language in that says you must have certain, you know, bilingual...a certain number of females, a certain number of people of colour.

I know in the U.S. when they hire contractors, they must pay the same wage. There are wage restrictions. They have to mimic the amount—

**The Chair:** I'm afraid I have to cut you off there, Ms. Carr. We are at our six minutes. Maybe you can finish it in a written submission to the committee, or you can finish it with Mr. Johns' time.

Go ahead for six minutes, Mr. Johns.

**Mr. Gord Johns:** First, I want to thank you for your loyalty to so many public servants who we can really trust with the responsibility of delivering services to Canadians and carrying that out.

We just heard, Ms. Carr, from—I'm not going to make a lot of friends around this table right now—the Liberals that the McKinsey outsourcing went from \$2 million to \$100 million, and it was cited as not a lot of money compared to the scope of things. I guess when it's \$15 billion in outsourcing, they could try to say that, but to me, based on the average government worker at \$79,470, that's 1,258 FTEs.

Can you talk about the morale of the public service when they hear that from government?

**Ms. Jennifer Carr:** Again, I will reiterate that it is very disheartening for a federal sector worker when we see that the overreliance on the outsourcing fails to deliver value for money. It hurts the government's own ability to recruit the professionals they need. There is no sense in paying outside agencies market rates but not your own government professionals. When we fall behind on compensation, recruitment and retention become very difficult. We need to defer to this committee to look at the relationship with these companies.

Why is it okay to pay market rate, plus inflation, plus overhead, to an outsource instead of your own public servants, who are willing and capable to do that work on behalf of Canadians?

**Mr. Gord Johns:** I really appreciate that you talked about some of the past mistakes, such as the Phoenix pay system, which was supposed to save over \$80 million a year and has cost us over \$2 billion.

This was started by the Conservatives, who also cut Veterans Affairs, a third of Veterans Affairs, and meant to use technology to speed up disability applications. The Auditor General made very clear that there was a direct relationship—the job cuts to service delivery and the application wait times—which ended up leading to lapsed spending, money that should have gone to veterans.

Tell me about the morale of the public service when people can't get paid because of outsourcing, when people who have put their lives on the line are not getting the benefits because it has been outsourced or there are service cuts to serve the people who fight for our democracy.

**Ms. Jennifer Carr:** I have to say that the federal public service is a calling. It always has been. We put up with a lot of things because we see value in the work we do on behalf of Canadians. When our hands are tied, say, for example, with the Phoenix pay system, we have IT workers who could go in and help and fix it, but we can't do anything about it.

We have to be at the table. We have to be a part of the decisions to say that this is work that needs to be outsourced, or this is work that can be done in-house if you give us proper resourcing and proper staffing levels in order to do it on behalf of Canadians and at the best value for Canadians.

• (1705)

**Mr. Gord Johns:** Ms. Kusie asked you an excellent question about making sure the government is actually paying market rates for consultants. You talked about “plus markup” for these services.

When you say “markup”, that's profit. Is that correct?

**Ms. Jennifer Carr:** It is.

What I could say is that we have been talking about IT contracts here, but I also represent federal nurses. They are seeing an overreliance on agencies where they are getting three and a half times the amount of a public servant, have flexibility, do not go into dangerous situations, are being paid bonuses to work on Christmas Eve and other kinds of incentives. If the government would just invest in proper compensation and recognition, we wouldn't have to rely on outside staff to fill these jobs.

**Mr. Gord Johns:** Do you have any idea of the markup of these percentages that companies are getting, or how much is flowing to CEOs who are profiting? There's a markup on top of the markup for some of these consultants to use subcontractors.

Can you speak about how that morale impacts your workers?

**Ms. Jennifer Carr:** I can definitely talk about the morale. When you have a professional—in this case, I'll use nurses, who are fully licensed—watching an agency paramedic come in, who doesn't have any licensing but makes three times the amount they do.... Where do you go? There's the capacity to absorb that your employer really doesn't care about your work, and it's more about having a body in there and not the role an individual plays.

Now, for the markups and stuff, I'm not sure.

Jordan, have we looked at any of those? Is that anything that's available in the public disclosures?

**The Chair:** You'll have to provide a short answer, please.

**Mr. Jordan McAuley:** No problem. That is really easy. The answer is no. There's no indication of that. We've tried to track down that information.

**Mr. Gord Johns:** I have a very quick question. You talked about the shadow public service. We have Dominic Barton coming on Wednesday. I guess he's a former minister of the shadow public service.

Are there any other former ministers or CEOs you'd like to see this committee bring in for questioning?

**Ms. Jennifer Carr:** There aren't any that I can think of. I'm sorry.

**Mr. Gord Johns:** Thanks.

**The Chair:** We're going to have to finish there.

Thank you, Mr. Johns.

It's over to you, Mrs. Block, please.

**Mrs. Kelly Block:** Thank you very much, Mr. Chair.

Taking a look at the time, I have just one quick question for our witnesses.

Thank you for coming today. You provided us with some reports, and in those reports you raised concerns about insufficient efforts with regard to staffing. Do you have concerns that, due to the ongoing contracts and the ongoing sole-sourcing, certain positions are not being filled, so it's a rather vicious cycle?

**Ms. Jennifer Carr:** It is definitely a vicious cycle. It feeds on itself. If we don't invest in-house, we see federal public servants who leave to become a contractor or leave the federal public service, so it starts that whole cycle again.

While our studies are on IT right now, it is the nurses.... Nurses are walking away from working for Indigenous Services Canada or Correctional Service Canada to work for the agency counterparts, make the money that they should be making right now as federal public servants and get the respect they deserve for the profession they are in.

**Mrs. Kelly Block:** Thank you.

**The Chair:** Thank you.

Mr. Bains, it's over to you, please, for five minutes.

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

Thank you, Ms. Carr and Mr. McAuley, for joining us today and for everything you do for the public service.

In your view, do parliamentarians and the public have enough access to contracting information to make informed decisions about the suitability, scope and value proposition of tenders?

**Ms. Jennifer Carr:** I'm going to put that off to Jordan. I believe the answer is, no, there is not a lot, but he's my data guy.

Go ahead, Jordan.

**Mr. Jordan McAuley:** Certainly for the general public, it's not particularly accessible. The information is on the government's open data portal. You download that. It's a massive, really messy dataset. I think there is a tool so that you can look at individual contracts, but it's difficult to navigate if you don't know what you're looking for.

The information contained in the disclosed data is very lacking sometimes. There are not a lot of details. You don't know what a lot of contracts are for. You can look up the procurement ID of the contract to get more information, but it's difficult, especially for someone in the general public, to try to navigate it.

• (1710)

**Mr. Parm Bains:** What can be improved? What should the federal government routinely make public?

**Mr. Jordan McAuley:** They could maybe have tighter standards on the data releases. I think they are getting better. As the individual in the last meeting pointed to, since 2017, the data certainly has been improving, but a clearer description of what the contract is for...sometimes those fields are filled out optionally. They typically include their broad category, but you can't drill down further than knowing it's an IT consulting contract in some cases. You don't know that it's for providing x or y service.

We don't know how many consultants are hired within a consulting contract. That's something we'd be really interested in looking at, because a \$10-million, \$20-million or \$100-million IT consulting contract will go to a large firm. We don't know how many consultants that got us. We don't know how much those consultants were paid. We don't know if the contract was subcontracted.

All of those things would be really interesting to see.

**Mr. Parm Bains:** Just something you alluded to.... I mean, we've heard a lot about IT, and it's clear that the focus is on a lot of IT workers. I think we also realize that there's a narrow pool of people with this skill set who are available, and we've talked a lot about salaries. If now, say, a government comes in and increases the salaries, and then there's a competition for this same pool of IT people and private firms, again, that will increase salaries. Does that not compound the problem? What are some things we could do there?

**Ms. Jennifer Carr:** It's very hard for us to see sometimes how much they are actually paying their IT workers. When you're talking about multinational corporations, we're not sure that even the workers they have are being paid a similar wage, especially if they're not Canadian workers. The other thing is that we don't know what the markup is in terms of the contracts. It's very hard for us to understand the full scope.

What we do know is that repeated, I would call, microaggressions against the employees: not being able to be paid, not being able to work in their field of expertise, not being able to upskill... This is not a static job. It's not something that stays. You need to be up on the new technologies, and you have to know what you're doing. If the government won't invest in that, then you are not able to provide the best service on behalf of Canadians.

**Mr. Parm Bains:** Thank you.

Those are all the questions I have for today. Thank you very much.

**The Chair:** Thanks, Mr. Bains.

Ms. Vignola, you have two and a half minutes, please.

I'll keep both of you to exactly two and a half minutes.

[Translation]

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

Ms. Carr, I have a comment to make before I ask my question.

So far, the answer I am hearing most often with regard to contracts is "I don't know." That, in my opinion, is the problem: nobody knows anything.

Among all your members, how many of them earn \$1,500 per hour, including benefits?

[English]

**Ms. Jennifer Carr:** I don't know if I can answer that question, but I can certainly get that to you after the fact. The average worker is not making that much.

[Translation]

**Mrs. Julie Vignola:** How much do workers make, on average?

[English]

**Ms. Jennifer Carr:** Jordan, do you have the salary for the average IT worker? I think it's \$76,000.

Yes, I believe it's \$76,000 a year.

[Translation]

**Mrs. Julie Vignola:** To calculate the difference between the cost of a public servant and a contractor, we have to multiply \$1,500 by 37.5 hours by 52 weeks.

I imagine there are no public servants who earn \$1,500 an hour.

• (1715)

[English]

**Ms. Jennifer Carr:** No.

[Translation]

**Mrs. Julie Vignola:** Thank you very much, Ms. Carr.

[English]

**The Chair:** Thank you, Ms. Vignola.

Mr. Johns.

**Mr. Gord Johns:** You talked, Ms. Carr, about nurses working alongside their colleagues, private sector nurses, who are getting paid three times as much. We're hearing about the nurse shortage, doctor shortage and health care worker shortage in the public sector. Can you speak about how many nurses the public sector has lost to the private sector and how critical it is to immediately put a stop to it, given the health crisis we're in?

**Ms. Jennifer Carr:** I can't say numbers. I can say that with Indigenous Services Canada in Manitoba, we have a 60% vacancy rate at the moment for nurses, and overall, it's about a 50% vacancy rate for Indigenous Services Canada. It's highly alarming the number of vacancies we have that are not being staffed. When they are staffed, it's agency workers who are making, like I said, a good three and a half, if not more, plus bonuses, plus travel, plus they get their paycheques on time, which is, again, a big draw.

**Mr. Gord Johns:** Can you speak about how serious the threat is to our universal public health care system?

**Ms. Jennifer Carr:** It's basically privatizing the federal care that we give to our members in remote and isolated communities and first nations. It is a crisis.

It is of its own volition too, because we are not recognizing the value that these public servants bring to the table and meeting the compensation. For example, federal nurses and federal medical professionals did not receive any hazard pay over the COVID crisis, where their counterparts were getting bonuses.

**Mr. Gord Johns:** What needs to be done to ensure that this stops immediately?

**Ms. Jennifer Carr:** One thing is that we have to fix the Phoenix pay system. It's still a boondoggle, in my mind.

We need to be able to pay fair wages. We're not looking for abundance and to be the best paid, but we need to have fair compensation.

We need to have recognition that it should be the government's goal to rely on hiring good public service professionals to do these jobs on behalf of Canadians. The reliance should not be on going outside all the time because it just creates a vicious circle.

**The Chair:** Thank you very much, Ms. Carr, for joining us.

Mr. McAuley, it's always a pleasure.

I'll excuse the two of you. Thank you again for joining us. We appreciate the input.

I have some housekeeping items that we'll go over, hopefully, very quickly.

On the first, I'll seek unanimous consent or the will of the committee. The GC Strategies documents that arrived were, I believe, missing some of the documents, which were the invoices we asked for. CBSA provided them, but GC Strategies didn't. I'm going to ask for the will of the committee to have the chair write to them to have them provide it to us. It will be the same way as before: We will get the unredacted versions. The redacted ones would be posted publicly once they go through the proper process.

Are we fine with that?

**Some hon. members:** Agreed.

**The Chair:** Perfect.

We received some late documents on the Governor General's travel expenditures. You would have seen them. They would have come to you from DND, RCMP and Global Affairs. It wasn't much. I'm looking for the will of the committee to publish them like we published the other big bulk.

**Some hon. members:** Agreed.

**The Chair:** Perfect.

The last one is the letter, which everyone saw, that came from McKinsey making two requests, which were the production of papers on a rolling basis and wanting to discuss confidentiality protections. As the chair, I will just opine quickly that I believe the motion was very clear on what the will of the committee was on that. However, I will seek guidance from the committee on whether we should stick to the five weeks as we requested or allow them rolling document production as they have them available, and whether we wish to discuss allowing them confidentiality protections. Again, that was not what the motion was calling for.

Mr. Housefather, go ahead.

• (1720)

**Mr. Anthony Housefather:** Thanks.

I have two things. First, I think rolling production is fine provided they provide them by the deadline. Rolling production is actually better, so they can translate stuff along the way.

**The Chair:** I think they're asking to go after the five-week period.

**Mr. Anthony Housefather:** I understand, but rolling is good. I think the deadline is the deadline.

On the second part, I've mentioned this before. I think there is a fair expectation of any private concern of confidentiality with respect to information that could be in documents that we have not seen. There could be trade secret protections or all kinds of things. I think this committee should undertake to review the documents

carefully and to reasonably consider any request that they make. We will not guarantee any such request, but we should take them seriously because that's only fair.

I wouldn't make any promises, but I would say that, if they make a list of things that they want the committee to consider, we would consider them. I think it would be fair, Mr. Chair, to give you the power to discuss that.

**The Chair:** That is one option. We can, through the committee, write to them asking more specifically what they're asking for and have them get back to us. Again, I'll leave it up to the committee.

Mrs. Kusie.

**Mrs. Stephanie Kusie:** I can understand what Mr. Housefather is saying. I don't mind your idea of asking for more specification as to what they could potentially be referring to, but I have two thoughts.

The first is that the purpose of the study and the letter as brought forward by the majority of members of this committee was to bring to light and to have transparency as to the full work of McKinsey so that we could better understand and evaluate their role in concert with our government.

Secondly, which I guess builds upon the first, is that I don't, and I don't think any of my colleagues on this side of the table would, accept any type of attempt to hide information from this committee or not be completely transparent where there is not a very good reason that warrants not sharing that information with us.

I'm open to Mr. Housefather's suggestion of a list of what that might include, but I'm skeptical. I will say that up front. I think it would have to be very good reasoning, and if I may say, Mr. Chair, this is not the first time that McKinsey has done this. On page 59 of *When McKinsey Comes to Town* a consultant group, Missouri Health Care for All, also had questions about McKinsey. The group wrote that they could not know if McKinsey had any conflicts of interest because they didn't know who all of their current clients were.

It seems to me as though they have a history of not wanting to be forthright with their client information. As I said, if there are legitimate concerns, like the safety of individuals or true national security interests, I'm open to evaluating that, but certainly not anything that this committee, as a body of the people, should have full access to for the purpose of our study.

Thank you.

**The Chair:** We'll go to Mrs. Vignola and then Mr. Housefather.

[*Translation*]

**Mrs. Julie Vignola:** I will be brief. Stop me if I forget. You never know.

We asked GC Strategies to provide us documents. The company had concerns over confidentiality. It told us that the complete documents were not available online and that only redacted documents were available, in order to protect people's personal information.

Why not do the same thing with McKinsey & Company?

All the information would be visible, but the documents available online would not contain personal information. It would be the same practice with McKinsey as with GC Strategies.

The public would have access to the important information but not to personal information.

• (1725)

[*English*]

**The Chair:** I will go to you in a moment. I think perhaps for issues of conflict of interest, if there are things like that, it should be public. I will go to Mr. Housefather, but before I go to you again I will interrupt. If perhaps the committee wishes, there seems to be a bit of a will, we can contact McKinsey and we can ask them for more specifics and have them get back to us by next Monday's meeting. At least we can decide then, but go ahead, Mr. Housefather.

[*Translation*]

**Mr. Anthony Housefather:** I completely agree. That's what I was about to suggest.

I'll speak in English.

[*English*]

I was not suggesting that the committee wouldn't get the information. The committee should get everything we ask for, but what they may be saying and what I think they are saying is that they don't want it to be in the public domain. I think that's perfectly legitimate. Their email addresses, their cellphone numbers, certain things that they may have in there should not be in the public domain. We haven't seen it yet, but what I was suggesting is that we should see everything, and then we'll reasonably consider all of the requests they make based on what we see in the document. I think we should get everything, but I just think we should not automatically say everything is going to be in public, because of course there may be things in there like private information that shouldn't be. That's all I was suggesting, Mr. Chair.

Anyway I support your request.

**The Chair:** Go ahead, Mrs. Block.

**Mrs. Kelly Block:** Could we handle it the same way we handled the information that we received from GC Strategies? Is that, in fact, what you are suggesting, Mr. Housefather?

**Mr. Anthony Housefather:** What I am suggesting is that I don't know exactly what they are going to request, but there may be things, like I said, that are beyond just emails and phone numbers. We'd have to consider them as a group once we've read the docu-

ments and seen whether they are truly trade secrets. For example, if they have a trade secret in there, we should not make that public, because that is not fair. However, if they're just saying, "Oh, we don't want to be embarrassed because of this or that", well, that's ridiculous.

We need to understand their objections, and we definitely need to get everything, but we should take the objections they have and talk about them as a group before we automatically say everything goes public—so generally, yes.

**The Chair:** It almost sounds like it's a choice of two. We could write to them now asking for them to be more specific on what these privilege issues are, or the other option is to say give us everything and we'll decide later.

Is there a preference between the two?

Go ahead, Ms. Block.

**Mrs. Kelly Block:** I like the second one where we ask them to send us all the things we have asked for and then we take that opportunity to determine—

**Mr. Anthony Housefather:** Yes, that's exactly what I'm saying. I agree.

I think you should ask them, Mr. Chair, for precision and say that we're going to look at everything. We want it unredacted to the committee, but if you make a very specific list of all the things you want to be redacted, we will reasonably consider them as a group and we'll get back to you, but you still need to give us, under our powers, the documents that we requested.

**The Chair:** Are we comfortable with that? I think we have our marching orders.

Really quickly, because I'm trying to get out, on the work schedule, we're going to try to organize—although that is very difficult with everyone's schedule—a working committee, a subcommittee, but right now, because of difficulty with witnesses and juggling ministers, we're going to try to fill the February calendar with this study. Then we'll have the estimates popping up. In the meantime, we'll work toward that, and if something else that is more important comes up, we'll handle that.

We'll discuss the trip. I texted everyone. There is the ever-outstanding shipbuilding trip. I think the Conservative side is checking whether they will consider travel during a sitting week. I don't have any indication from the Liberal side if there's a desire to continue the trip or from my Conservative colleagues if there's a desire to do the trip.

The Conservative side, I believe, is going to see if they will allow sitting-week travel. I don't think there is a desire for non-sitting week travel because of Mr. Johns' schedule. It's unfortunate. It's just the reality of Mr. Johns' schedule and the fairness side of his being in a very difficult to get to place.

I will ask each party to go back to the whips to see what their decisions are. Then we'll spend a few minutes on Wednesday at the—

**A voice:** [*Inaudible—Editor*]

**The Chair:** I'm sorry. Could I just have the floor?

At the very least, we have an existing budget from last time. February 8 is our drop-dead date for submitting it. I would suggest

that we at least submit it as an interest from the committee. Then, if the parties have other plans for our time, so be it, but we don't want to miss the February 8 cut-off.

I know there is a strong desire from Ms. Vignola to do it, and it is probably going to be \$300 billion to \$400 billion over the next 20 years, so I think there is some value. I've been to them several times. There is a lot of value to it, but we'll leave it at that.

Everyone, thank you for bearing with me for this. I appreciate everyone's time today. Thank you.

We are adjourned.

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