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Chair: Mr. Peter Schiefke



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• (1105)

[*Translation*]

The Chair (Mr. Peter Schiefke (Vaudreuil—Soulanges, Lib.)): I now call the meeting to order.

Welcome to meeting number 70 of the House of Commons Standing Committee on Transport, Infrastructure and Communities.

Pursuant to Standing Order 108(2), the motions adopted by the committee on Tuesday, February 14, 2023, and on Thursday, May 4, 2023, the committee is meeting to study the role of McKinsey & Company in the creation and the beginnings of the Canada Infrastructure Bank.

Today's meeting is taking place in a hybrid format, pursuant to the House order of Thursday, June 23, 2022. Members are attending in person in the room and remotely using the Zoom application.

[*English*]

I wish to inform the committee that all witnesses have been sound tested for the benefit of our interpreters and have passed the sound test.

Committee members, appearing before us today, as an individual, is the Honourable Bill Morneau, former minister of finance. He is joining us by video conference. Welcome, Mr. Morneau.

As an individual, we have Ms. Janice Fukakusa, inaugural board chair of the Canada Infrastructure Bank. Welcome.

As an individual, we have Dominic Barton, former global managing director of McKinsey & Company, who is joining us by video conference. Thank you very much for being here.

From the Canada Infrastructure Bank, we have Mr. Bruno Guilmette, former interim chief investment officer, who is also joining us by video conference.

We will begin today with opening remarks.

I will now turn the floor over to you, Mr. Morneau. You have five minutes, please.

Hon. Bill Morneau (Former Minister of Finance, As an Individual): Thank you, Mr. Chair.

I'd like to start by saying it's a pleasure to be here with all of you in a virtual format.

I'm pleased to talk a bit about the Canada Infrastructure Bank this morning, and in particular, I'm happy to have the opportunity to

talk about the importance of infrastructure investment in our country.

As you may know, my interest in this topic goes back a long way. As far back as 2012, I led a project for the Ontario government to look at how pension funds that were not already in a large public sector pension fund could be brought together to increase their opportunities to invest. In particular, one of the objectives was to invest in—

The Chair: My apologies to you, Mr. Morneau, but we're having some complications with interpretation. If you could, we're going to ask you to go last, and we'll ask the other members to go before you.

Does that work for you, Mr. Morneau?

Hon. Bill Morneau: That would be fine.

The Chair: Thank you very much. My apologies once again.

We'll turn the floor over to Ms. Fukakusa.

Ms. Fukakusa, the floor is yours. You have five minutes for your opening remarks.

Ms. Janice Fukakusa (Inaugural Board Chair of the Canadian Infrastructure Bank, As an Individual): Thank you, Mr. Chair.

Good morning, Mr. Chair and members of the committee. Thank you for the invitation to be here today.

My name is Janice Fukakusa. I served as board chair of the Canada Infrastructure Bank from July 2017 until April 2020. I'll be speaking in a personal capacity and referring to the Canada Infrastructure Bank as CIB for ease of reference.

I accepted the invitation to speak to this committee because I know that Canada's infrastructure deficit is vitally important for our own productivity in Canada and for our quality of life. Canadians have every right to ask questions about the government's plan to address this deficit in a way that's efficient, sustainable and transparent. In my view, the CIB plays an important role in that plan.

As members of the committee know, the concept of the CIB was introduced to the Canadian public in the 2015 Liberal platform. The idea was a very important one, but it wasn't unique to Canada. Similar models worked very well in the U.K. and Australia. In 2016, the government announced the creation of the CIB in its fall economic statement. The proposal was studied in pre-budget consultations, then passed through the Canada Infrastructure Bank Act in June 2017.

Around the same time, I was moving towards a new phase in my career. In January 2017, I retired as the chief financial officer and chief administrative officer of the Royal Bank of Canada after 31 years with the bank and was looking for new ways to give back. While I've been fortunate in contributing meaningfully to various charitable organizations, I never had the opportunity to work directly with government in a day-to-day role. I applied for the position of inaugural board chair and was honoured to be offered the job in July 2017.

Many of my early days as chair were focused on standing up the CIB and ensuring it had the governance, talent and operating structure to deliver its mandate. Much of the time, I worked with a committee comprising government representatives from infrastructure, finance and other departments to hire a board of directors, and played a hands-on role on CIB's initial risk management, establishment of investment processes and procurement guidelines.

Before I hired CIB staff and got everyone together, I received support from Infrastructure and Communities Canada, in particular the CIB transition office. My principal contact there was the assistant deputy minister, Glenn Campbell. Given that this idea was novel to Canada, we knew it would require outside analysis. We approached McKinsey & Company, the Boston Consulting Group and PricewaterhouseCoopers.

On the strength of McKinsey's infrastructure advice and practice, the firm was awarded two contracts: one to provide advice on investment criteria, awarded in January 2018, and one for risk management advice, awarded in March 2018. Both contracts complied with the CIB procurement policy and amounted to a total of \$940,000. McKinsey was not contacted to offer advice on specific projects, and I would not have accepted such advice.

Following the recruitment of Annie Ropar as CFO and Pierre Lavallée as president and CEO in June 2018, my role shifted primarily to board governance activities.

Sadly, Pierre passed away earlier this year after a battle with cancer, and I want to take this moment to recognize his valuable contributions to the CIB and his insights and professionalism in working with us. He did an outstanding job in laying the groundwork for success.

I stepped down from the role in April 2020 following the conclusion of my term so that I could focus on other commitments in the not-for-profit and private sectors. I'm very proud of our board's work in standing up the CIB so that it would be positioned to support Canada's 21st century infrastructure needs, and I left the organization with full confidence that the team could build on this work.

I recognize that many questions have been raised about the CIB's effectiveness and efficiencies in the current context. I'm not adequately up to speed with the current operations to answer those questions. I would only say that I continue to support the mandate and believe it has great potential to accelerate the pace of private infrastructure investments in Canada.

I would be happy to answer any questions from this committee on my work as board chair.

Thank you.

• (1110)

The Chair: Thank you very much, Ms. Fukakusa.

Next we have Mr. Barton.

Mr. Barton, the floor is yours. You have five minutes for your opening remarks, sir.

Mr. Dominic Barton (Former Global Managing Director of McKinsey & Co, As an Individual): Thank you, Mr. Chair and members of the committee. I appreciate your inviting me today.

At the outset, I want to emphasize that I'm appearing as a private citizen on my own behalf. I am not here as a representative of McKinsey, and obviously I don't speak for the Government of Canada.

In January, I had the opportunity to speak to the government operations committee on these same issues. I do not propose to repeat today everything that I said there, but I am happy to answer your questions.

As I noted to OGGO, I am non-partisan. I am not a member or supporter of any political party in Canada. I do, however, believe in giving back to Canada. I have been an unpaid adviser to different Canadian governments several times.

As I noted to OGGO, in 2010 I was among a number of Canadians advising former finance minister Jim Flaherty. In 2013, I was asked by Prime Minister Harper to serve on the Canadian advisory committee on the public service. In 2016, I was asked by Minister Morneau to chair his advisory council on economic growth with 13 other Canadians.

I believe the growth council did important work for Canadians. Its recommendations included building more Canadian infrastructure, speeding up approvals for resource projects, cutting red tape, attracting foreign talent and capital, unleashing key sectors such as agriculture, and providing the basis for re-skilling Canadians to deal with technological change. I'm very proud of that work, and I'm honoured to have served Minister Morneau and the government on that council.

As I've stated previously, I had no involvement whatsoever in any awarding of paid work to McKinsey by the federal government, including the CIB, since I relocated to Asia in 1996. In joining the public service as ambassador to China in 2019, I underwent a thorough conflict of interest process with the Ethics Commissioner to ensure that my prior roles with McKinsey and elsewhere would not conflict with my public service obligations. That included a full, proactive recusal that screened me from dealing with McKinsey and, of course, any decisions made by the federal public service relating to McKinsey.

I did participate in one meeting relating to the CIB while I was ambassador. This was a meeting on June 23, 2020, that I joined as part of the strategic refresh project in 2020. My participation was requested by the chair of the CIB at that time, Michael Sabia—that's who requested the meeting—and I gave my perspective and context on the direction of the CIB. I was, obviously, not compensated for this meeting.

Finally, as I said to OGGO, I think it's important to separate the work of McKinsey from the times that I, as a private citizen, sat on several advisory councils as a volunteer at the requests of, again, Prime Minister Harper, Minister Flaherty and Minister Morneau. Those advisory councils made recommendations to elected officials. Sometimes they accepted the recommendations, and sometimes they did not.

In these instances, advice came from a panel of volunteers convened by the government, not from McKinsey. I chaired the growth council, and McKinsey supported the growth council's work by providing data and information to help the council on a pro bono basis.

Again, I appreciate the committee's invitation today, and I hope I can be helpful to your review.

I'm happy to answer your questions.

[Translation]

Thank you.

[English]

The Chair: Thank you very much, Mr. Barton.

Finally, we have Mr. Guilmette.

Mr. Guilmette, the floor is yours. You have five minutes for your opening remarks.

[Translation]

Mr. Bruno Guilmette (Former Interim Chief Investment Officer, Canada Infrastructure Bank): Thank you, Mr. Chair.

Good morning, committee members.

I am pleased to be here today to testify as part of your study on the role of McKinsey & Company in the creation of the Canada Infrastructure Bank.

My name is Bruno Guilmette and I am a member of the board of directors of the Canada Infrastructure Bank, or CIB. I was appointed to the CIB's first board of directors in November 2017. My presentation today will focus on my background, on the need for

Canada to have an institution like the CIB to invest in the next generation of infrastructure that is essential for Canadians, and on my role in starting the CIB.

I would like to begin by talking about my background and experience. I am a chartered professional accountant, or CPA, and I also hold the designation of a CFA, a chartered financial analyst. During my career, I have held senior positions in the investment, financing and management of infrastructure project assets, including at the Caisse de dépôt et placement du Québec and at PSP Investments. I'm currently the chief financial officer of a publicly traded company in the renewable energy sector. The requirements of this role, a very busy schedule, as well as the quarterly disclosure obligations over the past few weeks explain why I was not able to attend the previously scheduled meetings.

In December 2017, at the request of the chair of the Canada Infrastructure Bank's board of directors, I agreed to leave the board of directors to serve as the CIB's interim chief investment officer. I took that job to contribute to the important start-up phase of the CIB's development. I had indicated my interest in holding the position for a short period of time, given my residence in Montreal and my family obligations. I held this position for five months, from January to May 2018, and it was a privilege to take on these responsibilities at a unique time in the CIB's history. In June 2018, I returned to my position and resumed my duties on the board of directors, including as chair of the board's investment committee.

I think it's important to highlight some of the context around the need for institutions like the Canada Infrastructure Bank to finance and attract investment in infrastructure projects. Canada's infrastructure deficit is estimated to be over \$100 billion. The last period of significant investment in Canada's infrastructure dates back to the mid-1940s, more than 80 years ago. Much of our public infrastructure is outdated, which affects our quality of life and our economy. The CIB is doing critical work to address this infrastructure gap. Its success means that more infrastructure projects will improve our economy and the daily lives of Canadians for generations to come. The CIB has made tremendous progress over the past five years, including the expansion of the public transit system in Quebec, the rail system in Labrador, high-speed Internet services in Manitoba, electric buses in Alberta, and reliable energy storage in Ontario.

Finally, I want to talk about the Canada Infrastructure Bank's work with professional services firms. When I joined the CIB, it was in the start-up phase and had no employees. It needed a lot of help. We had to develop all aspects of its structure and operations—from initial governance to strategy, to corporate policies on financial management, investment management and risk management—in order to meet the government's deadline and expectations for the CIB to start receiving project proposals and making investments. I took on the role of acting chief investment officer to begin developing the CIB's investment policies, to participate in the preparation of the corporate plan and to recruit team members.

• (1115)

My priorities were to establish the foundation for the Canada Infrastructure Bank's investment function, including the development of investment criteria and project evaluation criteria. As I was the only leader, in collaboration with the chair of the board, who assumed the responsibilities of the CEO during that period, it is understandable that we had to rely on consultants during that busy period to carry out those first core activities.

I worked closely with the chair of the board at the time, Janice Fukakusa. Before hiring consultants, we consulted people from a number of consulting firms, including McKinsey, in order to understand what options would be available to help start up the Canada Infrastructure Bank. In January 2018, the CIB retained the services of McKinsey to develop investment criteria as part of its start-up activities. In March 2018, we hired McKinsey to support the CIB in developing governance and risk management policy. During my time at the CIB, we talked to other consultants and hired some of them for other assignments related to start-up preparation work.

The work provided by McKinsey included sophisticated and specialized analyses that reflected its global expertise on infrastructure. I am confident that these contracts reflected value for money and that they made a significant contribution to the start-up of the CIB's operations.

I am pleased that the committee is studying the Canada Infrastructure Bank, and I would be happy to answer any questions members may have.

• (1120)

The Chair: Thank you very much, Mr. Guilmette.

[*English*]

I'd like to bring to the committee's attention that we will be unable to receive testimony from Mr. Morneau. We've received word from interpretation services that unfortunately Mr. Morneau does not have the appropriate equipment necessary for us to receive testimony from him today in a safe manner.

Mr. Morneau, unfortunately, we will not be able to hear from you today. We will, as a committee, have a discussion to determine how members will be able to receive answers to the questions that I'm sure they have prepared for you, and we will get back to you at another date.

For the time being, sir, I welcome you once again. I apologize that we will be unable to hear from you today and I ask that you kindly log off.

Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC): Chair, I have a brief point of order on that.

I know that it's been a long-established expectation that people have the headsets. This isn't new information. I'm sure that a headset was sent, and it is very disappointing that Mr. Morneau isn't prepared with the right equipment. I think the committee would certainly like to hear from him.

I think that's important to note. I know we'll be having further discussion on it later.

Ms. Jennifer O'Connell (Pickering—Uxbridge, Lib.): Mr. Chair—

The Chair: Thank you very much, Mr. Genuis.

Yes, Ms. O'Connell.

Ms. Jennifer O'Connell: Can I ask whether Mr. Morneau was sent the equipment.

The Chair: He was. From what I gather from the clerk, he was using a MacBook and did not have the appropriate adapter for the equipment that we sent him.

Ms. Jennifer O'Connell: The clerk's office probably needed to confirm it was the proper equipment. It's my understanding that he was confirmed with ample time to provide that equipment.

Why could we not have asked him questions? He could reply to the committee in writing.

The Chair: I'll turn it over to Mr. Genuis.

Mr. Garnett Genuis: Chair, I think we should proceed with the witnesses we have.

That's obviously not how witness questioning normally works. It's supposed to be a dialogue back and forth where we get feedback from the witnesses and can ask follow-up questions.

I think we should maybe just leave it there.

Ms. Jennifer O'Connell: Well, that might be—

Ms. Leslyn Lewis (Haldimand—Norfolk, CPC): Can I add something?

Ms. Jennifer O'Connell: I'm sorry. I had the floor.

That might be—

Ms. Leslyn Lewis: You didn't, actually. He had the floor.

Ms. Jennifer O'Connell: No, sorry—

The Chair: I'll go first to Ms. O'Connell, and then to you, Dr. Lewis.

Ms. Jennifer O'Connell: Mr. Chair, I've sat on committees where the headset no longer works or something happens, and the committee proceeds with asking questions of the witness and they supply the response in writing.

Absolutely that's not ideal, but this is a hybrid format, which is not what we have done in the past, and we've made do. I don't see why we couldn't have our questions posed to the witness since he's here, and then allow the responses to come back to the committee. There's absolutely nothing wrong with that, and we've done that in other committees.

The Chair: Thank you, Ms. O'Connell.

Go ahead, Dr. Lewis.

Ms. Leslyn Lewis: Mr. Chair, the rules clearly show, as do the cases in our principal book, that written interrogatories are different. They produce different responses from oral evidence.

There is a right for citizens and taxpayers to question the executives who were in charge of certain functions. Written interrogatories are very different. We do not prefer that manner. We will be bringing a motion to have him come back and give evidence in an oral format.

• (1125)

The Chair: Thank you, Dr. Lewis.

Can I propose to members that we move forward as Mr. Genuis has proposed, with the witnesses we have appearing before us?

Perhaps, with 10 minutes left, I can suspend for us to discuss this further, or we can resume it at the next meeting. Does it work for members to do that at the next meeting?

Some hon. members: Agreed.

The Chair: We'll begin with the line of questioning from Dr. Lewis.

I'll turn the floor over to you for six minutes, please.

Ms. Leslyn Lewis: Good afternoon, Mr. Barton. Thank you for being here today.

In your testimony at the OGGO committee on February 1, you gave the following evidence. I'm going to quote your testimony. You said:

First, I want to be clear that I have had no involvement whatsoever in any awarding of paid work to McKinsey by the federal government since I relocated to Asia in 1996. In joining the public service as ambassador to China in 2019, I underwent a thorough conflict of interest process with the Ethics Commissioner to ensure that my prior roles with McKinsey and elsewhere would not conflict with my public service obligations. That included a full proactive recusal that screened me from dealing with McKinsey and, of course, any decisions made by the federal public service relating to McKinsey.

You went on to say, "There were extremely strict rules and protocols put in place. Basically, it was excommunicado." You were speaking about McKinsey. You continued, "There were very strict processes and protocols followed. If anything ever came in, it went to the deputy head of mission or the deputy."

Mr. Housefather then asked you, "I would assume, then, that anything that came in, with respect to McKinsey.... As ambassador, you were completely excluded from this and had no part in any discussions." You responded, "That's exactly right."

We have this testimony you gave at OGGO, and it was false, indeed. Mr. Sabia, the former chair of the CIB, testified here at committee on Tuesday that you participated in a McKinsey seminar that was led by McKinsey while you were ambassador. You have now confirmed this information today.

Mr. Barton, it is very concerning that you didn't reveal this in your testimony to OGGO. Why did you not reveal this meeting, Mr. Barton?

Mr. Dominic Barton: Thank you very much for your question.

As I mentioned in my opening statement, that request came from Michael Sabia. In fact, to be specific about it, I think he wanted to hear from me and Mark Wiseman. I responded in order to help on that.

I was actually only able to be there for about half the meeting because I had a dinner that night. It was Michael Sabia who was asking me for the meeting. If Michael Sabia, who was the chair, asked for the meeting, in my capacity as a former growth council member, I thought that would be good to do.

Ms. Leslyn Lewis: My question was why you didn't reveal that at OGGO. You said it was excluded. It was "excommunicado". You did not reveal that meeting until after Michael Sabia came to this committee. It was revealed that you participated in this meeting with McKinsey while you were the ambassador to China. The emails clearly confirm that this took place.

For clarity, you're confirming that as the ambassador to China at the time, you had the time to participate in a McKinsey-led workshop at the height of a diplomatic crisis when the two Michaels were unlawfully detained in China. Is that what you're confirming to me, sir?

Mr. Dominic Barton: No, I'm not confirming that aspect of it. What I'm saying is that Michael Sabia asked if he could get my views as he was taking on the chair role. That's what I responded to.

Ms. Leslyn Lewis: That was at a time when we had a diplomatic crisis with the two Michaels. Is that correct? It was in June 2020.

Mr. Dominic Barton: Absolutely, and I'm happy to talk in more detail about that, or you can talk to the two Michaels about it, but having a conversation with Michael Sabia in my role I see as no issue whatsoever.

• (1130)

Ms. Leslyn Lewis: I believe it was the very same month that you participated in that McKinsey workshop, in June 2020, that China formally charged the two Michaels more than 18 months after their arrest.

Why would you think it was important as the ambassador to China to carve out time from helping the two Michaels come home to participate in a McKinsey workshop with the Canada Infrastructure Bank? This is the very company that you were supposed to have recused yourself from and that you knew was a conflict to associate with. Why was this seminar so important?

Mr. Dominic Barton: As I said, it was Michael Sabia who asked for the call, and I did it. I had a dinner that I actually had to do, so I joined it with, I think, half an hour left. Nothing changed in terms of my appointments or roles as ambassador. I think you're exaggerating things there. Again, I'm happy to do a half-hour call if Michael Sabia wants some views on things.

Ms. Leslyn Lewis: How many seminars of this nature did you do, since you said you were happy to do that?

Mr. Dominic Barton: That's the one. That is the conversation I had.

There may have been other times that Michael Sabia called me. I can't remember. We could look through that. The Infrastructure Bank was I think a very important initiative and—

Ms. Leslyn Lewis: I'd be happy if you could look through that and if you could report back to the committee on how many times you had requests of this nature from Michael Sabia and you communicated with Michael Sabia pertaining to McKinsey and the Infrastructure Bank while you were ambassador to China.

Mr. Dominic Barton: I just want to clarify. It's not related to McKinsey. Michael Sabia would call me.... I've known him for a while, and when he was taking on a new role like this, he wanted to get input. He called other people as well. That was the context.

Ms. Leslyn Lewis: Did you report this interaction to the Ethics Commissioner?

Mr. Dominic Barton: I didn't feel the need to, because this was a conversation that Michael Sabia requested.

The Chair: Thank you very much, Mr. Barton, and thank you, Dr. Lewis.

Next we'll go to Mr. Chahal.

Mr. Chahal, the floor is yours. You have six minutes.

Mr. George Chahal (Calgary Skyview, Lib.): Thank you, Chair.

Thank you to the witnesses for joining us today and providing testimony.

I'm going to start off with Mr. Barton.

Through our previous discussion, it was determined that the former Conservative government's P3 infrastructure program invested about \$1 billion, and so far we've seen about \$27 billion invested by the Canada Infrastructure Bank, as identified by Mr. Cory previously. Mr. Guilmette today talked about the \$100-billion deficit in infrastructure across Canada.

Mr. Barton, given your extensive work with governments—Conservative governments, as you identified, in 2010 with former finance minister Jim Flaherty, and once again in 2013 with former prime minister Harper on the Canadian advisory committee on the public service—you have had a lot of experience over the years with federal infrastructure and abroad. Could you please comment on Canada's infrastructure gaps and why attracting private investment in public-private partnerships is essential to addressing the infrastructure gaps that Canada faces?

Mr. Dominic Barton: Sure.

First of all, I would echo a lot of what Janice said at the outset, and also Bruno, in terms of the gap. That gap was estimated at anywhere between \$100 billion and \$1 trillion at the growth council. There was quite a wide range of it. As was mentioned—I think Minister Morneau was able to say a couple of things at the beginning—this approach of having infrastructure banks has been done in many different parts of the world. Australia is one example in particular, but there are many others.

Interestingly enough, Canadian pension funds participate and actually invest Canadian pension money in these infrastructure projects. I think Canada is world class in the investment on infrastructure. From the growth council work, we saw a very significant gap. It related to everything from commuter-related services to green energy. It related to resources and the need to build pipelines and so forth that are required to get products to the coast. There was a whole range of areas that were identified as opportunities.

The view would be that we don't need to have the government putting money into this. We can attract private capital, much like Australia, Chile, Brazil, the U.K. and other places have done. Canadian pension funds are major investors in U.K. infrastructure. If we could attract that capital to help us in closing the gap, it very much was seen as a win-win. It would be great if we could spend more on ourselves, if you will, as opposed to it all going outside and attracting the money. I think that was the basis of it.

• (1135)

Mr. George Chahal: Thank you for that.

Previously, a number of our witnesses, including Mayor Brown and Mayor Sohi, who are current mayors, identified the important investments in their regions on zero-emissions buses and the importance of them. I think for Edmonton, Brampton and Calgary, to use those as examples, that was about \$1 billion. That equals almost the same amount that the Conservative government previously invested in infrastructure through their P3 program.

The \$20 billion so far is an incredible amount to help fix the gap that you've just identified, Mr. Barton. What suggestions do you have for the Government of Canada to further address the infrastructure gap we have?

Mr. Dominic Barton: It may be better to hear from some of the executives in the group on where that is, because I'm a little out of date, but I think there are a significant number of projects. You mentioned green energy and wind and solar renewables. That's a very significant opportunity across the country, but there's also basic transport infrastructure to get our agricultural products out. There are some significant investments there. I think there's quite a long list.

I think the thing the CIB does well is it assesses, from those many different projects, where to invest. I think the great thing about having private capital is that it ensures the CIB can stand on its own two feet. It ensures that it's not just being subsidized; it will be able to continue and earn returns. I think the bank plays a really important role in that by ensuring high-quality projects, and the more that are done, the more cases are laid out, and I think there's a significant opportunity there.

I'm happy to hear, frankly, that it's getting close to \$30 billion, but I think quite a lot more is needed. Hopefully we'll see more of that over time.

Mr. George Chahal: Thank you.

I'm surprised that my Conservative colleagues would be against investments in western Canada in transportation infrastructure and moving more agricultural products to markets. That's shocking and surprising.

Mr. Guilmette, would you like to add to that?

Mr. Bruno Guilmette: Thank you for your question.

I guess I'll just echo what Dominic mentioned. I worked for two large Canadian pension funds. At the time, we had a few discussions with employees of the government asking why the pension funds were investing money in large projects in foreign countries—

The Chair: Thank you very much, Mr. Guilmette. Unfortunately we have to cut you off there. We're out of time.

[Translation]

Mr. Barsalou-Duval, you have the floor for six minutes.

Mr. Xavier Barsalou-Duval (Pierre-Boucher—Les Patriotes—Verchères, BQ): Thank you, Mr. Chair.

I would like to begin by greeting all the witnesses and thanking them for being here today. I will echo my colleague's comments and express my disappointment that Mr. Morneau will not be able to participate in today's meeting. I hope he will be able to come and speak with committee members again.

Mr. Barton, you were appointed chair of the Advisory Council on Economic Growth. You mentioned that you carried out those activities on a voluntary basis. I would like to know whether you held that position as an individual or as the director of global affairs at McKinsey.

• (1140)

[English]

Mr. Dominic Barton: I did that as a private individual. As I mentioned, I think giving back to Canada is good. I've done this in other countries in which I've lived—South Korea, Singapore—

[Translation]

Mr. Xavier Barsalou-Duval: That's great, you've answered my question, Mr. Barton, but I have a follow-up question.

We understand that McKinsey employees were the secretariat for the Advisory Council on Economic Growth set up by the Trudeau government. That is what Mr. Sabia told us at a previous meeting. It has also been confirmed to us by former partners of McKinsey. I would like to know whether these McKinsey staff were a permanent part of the council and whether they were also doing it on a volunteer basis.

[English]

Mr. Dominic Barton: I think it was clear from the outset of my testimony, too, that McKinsey provided pro bono support and provided basic facts if there were requests from the growth council.

[Translation]

Mr. Xavier Barsalou-Duval: The services were provided free of charge, but were the employees paid?

[English]

Mr. Dominic Barton: Yes, the employees were paid. They were working for McKinsey.

[Translation]

Mr. Xavier Barsalou-Duval: Thank you, that's what I wanted to know. I would have been surprised if so many resources had been mobilized and all these people were working for free.

In the 2015 Liberal platform, the Canada Infrastructure Bank was originally meant to ensure a lower interest rate for municipalities for loans related to building infrastructure and housing. This is found on page 16 of the Liberal platform.

However, the conclusions of the Advisory Council on Economic Growth have led to a different vision. In October 2016, in its first report, the council proposed a vision of the bank that focused on public-private partnerships. In fact, a month later, at the Long-Term Investment Summit, Global Affairs Canada even presented the bank as a private investment institution, thereby radically changing its direction.

We can see that the government's actions quickly followed the advice provided by the Advisory Council on Economic Growth. I would like to know whether you think McKinsey's influence played a role in this change of direction.

[English]

Mr. Dominic Barton: There were 14 members of the growth council. I was the chair. Actually, the two key people who were playing a role in it—there were others involved too—were Michael Sabia and Mark Wiseman, who have a lot of experience in the area.

Again, as I said, the growth council thought there was a significant infrastructure gap. We looked for different ways of trying to close it, and indeed from the council's—

[Translation]

Mr. Xavier Barsalou-Duval: Thank you. I'm sorry to interrupt again, but I don't have a lot of time.

My question is about whether McKinsey or its influence led to this change in direction. At our last meeting, Mr. Sabia confirmed that, in fact, in addition to being the secretariat for the Advisory Council on Economic Growth, McKinsey has also contributed quite significantly to its reports and deliberations.

Was the volunteerism of McKinsey and its employees, who were paid to provide free advice, not ultimately a back door way to avoid having to register as a lobbyist?

[English]

Mr. Dominic Barton: McKinsey doesn't do policy work. McKinsey wasn't involved in making those recommendations. It was the growth council with 14 members that made the recommendations.

As I mentioned, there were other recommendations we put forward that were not accepted. We believed—for example with brownfield—that we would sell existing infrastructure projects to get private capital in. That was not accepted by the government, so—

[Translation]

Mr. Xavier Barsalou-Duval: I understand that it was the council that made these recommendations, and I think you illustrated it well.

However, we also know that McKinsey staff were the infrastructure supporting the council. Even though you were there as an individual, strangely enough, it was also McKinsey staff who were providing pro bono services. So I don't know how you were able to distinguish between those two hats in the context of these activities.

I am convinced that the staff of a firm that has a particular direction and that supports the activities of any company still have some influence on the direction taken, especially if those staff are entirely from a firm like McKinsey.

How much time do I have, Mr. Chair?

• (1145)

The Chair: You have 20 seconds left, Mr. Barsalou-Duval.

Mr. Xavier Barsalou-Duval: Thank you, Mr. Chair.

Mr. Barton, at the World Economic Forum in Davos in 2016, did you host a luncheon between Prime Minister Trudeau and BlackRock's international investors at your initiative, at McKinsey's initiative, or at the initiative of the Prime Minister?

[English]

The Chair: It will have to be about a 10-second response, please.

Mr. Dominic Barton: At Davos, I organized a group of about 20 business leaders from around the world to meet the Prime Minister.

Secondly, just on your first question—

The Chair: Thank you very much, Mr. Barton. Unfortunately we're out of time.

Thank you, Mr. Barsalou-Duval.

Next we have Mr. Bachrach.

Mr. Bachrach, the floor is yours. You have six minutes.

Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP): Thank you, Mr. Chair, and thank you to all of our witnesses.

Perhaps I'll start by asking Mr. Barton whether he'd like to finish his response to my colleague's last question.

Mr. Dominic Barton: Yes. Thank you very much.

Just on the point that was being made about where the recommendations came from, I'll reinforce again that the growth council

made the decision. McKinsey wasn't part of those deliberations. When we made recommendations, it was just the growth council there.

Again, the two drivers of the thinking and the work, the leads on the team, if you will—because we had broken into teams—were Michael Sabia and Mark Wiseman. If you know those two individuals, they have strong views of how they feel about it—not necessarily consistent.

The idea that McKinsey was coming up with the recommendations is completely false.

Mr. Taylor Bachrach: Thank you, Mr. Barton.

Much of our discussion at the committee has centred around this perceived conflict of interest. We have a relatively small number of players who are all playing different roles at different times in the same organization.

It feels like there are some questions the Canadian public would want to ask about how that perceived conflict was managed. For instance, McKinsey had you as the head of the advisory council and also landed this \$1.5-million contract to advise the CIB. Based on our previous questions, McKinsey clients ended up coming forward, proposing investments and being involved in the bank on a commercial basis. There was a document that members of the advisory council on economic growth were asked to sign to guard against real, apparent or perceived conflicts of interest.

Because there's been a lot of discussion in this meeting, and some qualifiers added, I'm wondering if your acting in a pro bono capacity, versus your McKinsey role, is an effective way to manage perceived conflict of interest, in your opinion.

Mr. Dominic Barton: We had a lot of discussions on this.

Again, it's unfortunate that Mr. Morneau is not here, because you could hear his view on it, or talk to, I think, Paul Rochon, who was the deputy minister at the time. There was a clear arrangement designed with the McKinsey support team in terms of what they could do and not do.

We discussed it as a council. The view was that we needed facts and support. Again, in the decisions we made, the deliberations were done only with the council. There was no one from McKinsey in those sessions.

It was very much about providing information that we requested, that members of the council requested. It was not to provide any input—

Mr. Taylor Bachrach: Mr. Barton, correct me if I'm wrong, but you were with McKinsey in those sessions, were you not?

Mr. Dominic Barton: Yes. I was the chair of the council, moving things forward. I don't think that had any linkage to what the secretariat team was doing. Every single member of the council would have had some sort of potential conflict, if you will, but I didn't see any issue with that, nor did the secretariat that we were working with.

Mr. Taylor Bachrach: Right.

Again, many of these questions are questions I'd love to ask Mr. Morneau. It's unfortunate that he wasn't able to join us.

In a 2017 article in the *Globe and Mail*, the interviewer asked you about conflict of interest, and you “agreed that potential conflicts must be avoided in these types of discussions.” It says here that you also said that “the nature of the work meant that any recommendations were the product of wide-ranging debate, rather than the opinion of any single member on the committee.” Here it's referring to the advisory council.

Does the fact that recommendations are the product of a group discussion, versus something coming from an individual, guard against perceived conflicts of interest?

• (1150)

Mr. Dominic Barton: I actually think it does. Again, just to the debate, we had very serious debates on pretty well every single issue that was there. We had a group of very strong-minded individuals.

I cannot underscore enough the importance of that debate and discussion. There were people who, for example, thought that the infrastructure target should be much more significant than it actually was. There were people who felt that, again, the brownfield approach was actually more important than was setting up the bank. We had all different types of views that were being put forward on, actually, every single recommendation.

The only time there probably wasn't as much debate was when we talked about some of the key sectors, like agriculture, that we thought were important to help support, but—

Mr. Taylor Bachrach: We have only a few more seconds. I am not an expert in managing conflict of interest or in governance, but I've never heard that ensuring discussions are in a group context is an effective way to manage perceived conflicts of interest, so I am a bit surprised by that.

My last question—

The Chair: You have 10 seconds, Mr. Bachrach.

Mr. Taylor Bachrach: The chair is cutting me off.

The Chair: Yes. Unfortunately you have eight seconds left, so you don't have time for another question.

Mr. Taylor Bachrach: Thank you, Mr. Chair. I'll wait until the next round.

Thank you, Mr. Barton.

The Chair: Thank you, Mr. Bachrach. You do have a round coming up, so you can hold your questions for then.

[*Translation*]

Mr. Paul-Hus, you now have the floor for five minutes.

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

Good morning, everyone.

Mr. Barton, I was at the meeting of the Standing Committee on Government Operations and Estimates on February 1, where you testified. In your opening remarks, you mentioned that your ap-

pointment as Canada's ambassador to China went through a rigorous process. In fact, you said:

— I underwent a thorough conflict of interest process with the Ethics Commissioner to ensure that my prior roles with McKinsey and elsewhere would not conflict with my public service obligations. That included a full proactive recusal that screened me from dealing with McKinsey and, of course, any decisions made by the federal public service relating to McKinsey.

A few months later, the Standing Committee on Government Operations and Estimates learned from the documents it received that there had, however, been communications, which is information you shared with us today in your presentation.

In particular, there have been email exchanges between McKinsey staff and the Canada Infrastructure Bank staff. These emails are clear. An attempt was being made to organize meetings of the working committee. On June 17, 2020, Zak Cutler of McKinsey sent an email to Annie Ropar of the Canada Infrastructure Bank in connection with organizing a working committee meeting. It seems that Annie Ropar's schedule was tight and that she was not available before June 23, 2020. The email also mentions that, since a certain Dom—meaning you—was alone, Mr. Cutler wanted to limit participation to Ms. Ropar and a certain John, while not offending anyone in a somewhat delicate situation. It seems that Mr. Cutler wanted to make sure that you would be able to speak freely.

Earlier, you said that this meeting had taken place. However, on February 1, you mentioned that, as ambassador, you had followed all the rules and that you had no connection with McKinsey. However, we have had access to some nice little emails between McKinsey and the Canada Infrastructure Bank. The emails say that you will be there, but that care must be taken. Are you confirming that you lied on February 1?

[*English*]

Mr. Dominic Barton: I totally disagree with you.

Again, that was a request from Michael Sabia. I did not see that at all as a McKinsey thing. I recall that as a request from Michael Sabia. I didn't see any of those emails, so I don't know what they said or where they were, but I didn't receive the emails you're talking about.

What I received was a request from Michael Sabia to speak with him. I think the sensitivity relates to the fact that there was a reset going on and Michael wanted to have an open, candid discussion about where things were going.

[*Translation*]

Mr. Pierre Paul-Hus: Mr. Barton, you talk about Michael Sabia. We have emails here from Zak Cutler talking about a certain “Dom” and whose schedule says that he is available on June 23 between 8 a.m. and 9:15 a.m. You say that you are not aware of this, that you simply received a request from Michael Sabia and that the people from McKinsey know your schedule and availability. Do not take us for fools. You did it on February 1, but perhaps you should not continue today.

On February 1, Liberal MP Anthony Housefather asked you a series of questions to clear your name. It was obvious that this came from the Prime Minister's Office. I will quote one of his questions: "I would assume, then, that anything that came in, with respect to McKinsey... As ambassador, you were completely excluded from this and had no part in any discussions." You replied that it was completely accurate. Today, you are telling us that it was Michael Sabia who invited you, but that it was the people from McKinsey who corresponded about your schedule.

Do you maintain your position that you were never aware of anything, that you were not in contact with McKinsey and that the firm has nothing to do with the Government of Canada regarding your involvement?

• (1155)

[*English*]

Mr. Dominic Barton: What I'm saying is that McKinsey was not managing my agenda whatsoever. The request I received was from Michael Sabia to speak with him. I will respond to him when he asks if it's on the growth council. I have no issue with that.

I don't know what they found out.

[*Translation*]

Mr. Pierre Paul-Hus: Mr. Barton, there's something I'd like to know. You were the Canadian ambassador, you had an obligation to respect very clear ethical rules, and now you're telling us that you had no correspondence with the people at McKinsey.

How could the people at McKinsey know that you were free between eight and 9:15 in the morning on June 23? Is there Canadian embassy staff working with McKinsey to provide information about your schedule?

[*English*]

Mr. Dominic Barton: I would ask Michael Sabia about how that was set up. I have no idea what they were doing or where it was.

The request I received was from Michael Sabia. I'm not on any of those emails. I don't understand where that was—

[*Translation*]

Mr. Pierre Paul-Hus: Do you know Antonino Piazza?

[*English*]

Mr. Dominic Barton: No, I don't.

[*Translation*]

Mr. Pierre Paul-Hus: He works for McKinsey, in the Montreal office.

[*English*]

The Chair: Thank you very much, Mr. Barton.

[*Translation*]

Thank you very much, Mr. Paul-Hus.

[*English*]

Next we have Ms. O'Connell.

Ms. O'Connell, the floor is yours. You have five minutes.

Ms. Jennifer O'Connell: Thank you, Mr. Chair.

Thank you, everyone, for being here today.

Mr. Barton, let's follow up on that line of questioning, because Mr. Sabia was a witness here the other day and was asked a similar line of questioning about that email chain and the sensitivities. I'm paraphrasing here because I don't have the blues in front of me, but he said that to any normal person reading that exchange, the sensitivity was around not having too many people invited to a meeting so that you could have a candid conversation. The sensitivity was around not offending anybody they would not ask to attend the meeting.

Does that seem like a fair reading of that situation? That's what Mr. Sabia testified to.

Mr. Dominic Barton: It does.

Ms. Jennifer O'Connell: Earlier in questioning around this particular meeting, it was described as a "McKinsey seminar". To be clear, this was a request, as Mr. Sabia testified to, to get your input on or thoughts and ideas around the Infrastructure Bank. As you talked about, there was a period of regrowth, restructuring or relooking at how best to move forward. He said he was seeking opinions and advice.

Was McKinsey involved at all in that meeting?

Mr. Dominic Barton: I have no idea. What I remember is hearing Mark Wiseman. He spoke quite a lot. It was then just a conversation with Michael Sabia.

That's all I recall. I don't actually recall the details, except that it was, I think, at the most half an hour, because I was coming from a dinner that I wanted to finish before joining.

I certainly didn't see it as a McKinsey seminar. It was a conversation with Michael Sabia and Mark Wiseman about him taking on the new role as chair.

Ms. Jennifer O'Connell: Thank you.

That was exactly how Mr. Sabia described it as well. It was simply about asking for input.

You mentioned at the outset, Mr. Barton, that you also provided advice to then minister Jim Flaherty and previous prime minister Stephen Harper. Minister Flaherty was the finance minister between 2006 and 2014. I note that McKinsey was awarded contracts during that time.

Were you ever questioned by Minister Flaherty or his staff about conflicts before McKinsey was ever awarded contracts while you were also advising Minister Flaherty and Prime Minister Harper?

• (1200)

Mr. Dominic Barton: No. I wasn't even aware that McKinsey did work at that time with him. Again, what he was asking for was advice on how to improve the productivity of the Canadian economy, how to expand our trade relationships and—

Ms. Jennifer O'Connell: Actually, that sounds very similar to then minister Morneau's requests for economic growth and that advice as well. It seems that governments of both political stripes have asked you for your opinion on that.

At the same time, I think between 2011 and 2018 there were something like 24 McKinsey contracts, so they went across governments, and you were asked by both for your thoughts on how to grow economic prosperity in this country. However, it's interesting that you're only being questioned as if you had some conflict during the time there was a Liberal government and not when you were providing the exact same advice and requests to Minister Flaherty and then prime minister Harper, when McKinsey also did work with the federal government. You're not being accused of some sort of conflict of interest during that time. I find that quite interesting.

Did anybody from the PMO in Prime Minister Harper's days ask you about your work with McKinsey and if other government departments should perhaps not engage with it, given that you were advising the prime minister and Minister Flaherty at the time?

Mr. Dominic Barton: No, there was nothing at all like that. Minister Flaherty was wonderful to work with, God rest his soul. He always wanted to hear ideas. If he travelled and I happened to be in that city, we would meet, but we never had any questions.

Ms. Jennifer O'Connell: Thank you.

The Chair: Thank you very much, Mr. Barton, and thank you, Ms. O'Connell.

[Translation]

We'll now go to Mr. Barsalou-Duval for two and a half minutes.

Mr. Xavier Barsalou-Duval: Thank you very much, Mr. Chair.

Mr. Barton, if I've understood correctly what's been said so far, McKinsey's method is basically to give free advice and, once it's got its foot in the door, to create a dependency relationship in order to reap maximum profits—a bit like a drug dealer who offers a customer the first hit for free.

Let's go back in time. In March 2018, after the Canada Infrastructure Bank was created, McKinsey made an offer to work as a consultant for the bank. McKinsey indicated that, thanks to its past work with the bank, it had a deep understanding of the bank and the important context surrounding it, as well as its objectives. This suggests that your work, and the secretariat McKinsey provided to the Advisory Council on Economic Growth, may have served to pad McKinsey's offer to work for the bank.

In fact, it also explains the reasons behind some of Mr. Michael Sabia's decisions. At his most recent committee appearance, he revealed to us that when he was chair of the board of directors of the Canada Infrastructure Bank, in order to get the bank out of difficulty, he awarded a \$1.4-million contract to McKinsey with no call for tenders. His justification for that decision was that it was advantageous to use some of the McKinsey people who had been involved in conceiving the bank, to draw on their accumulated knowledge.

I find that interesting, Mr. Barton. In the end, your volunteerism and that of McKinsey helped change the bank's direction. In a way, it veered the bank away from what was set out in the Liberal platform, where the idea had come from, and put the bank more at the

service of the private sector. What's more, that enabled you to go out and win more contracts for McKinsey. What do you think of that?

[English]

Mr. Dominic Barton: First of all, McKinsey didn't change the approach of what the CIB would be. That was done on the growth council, as mentioned.

Second, a very clear procurement process was followed. You heard that from Janice at the outset and from Bruno. There was a process; other consultants were considered.

Third, an area of expertise for McKinsey is doing infrastructure and pension fund work, so I'm not surprised they—

• (1205)

[Translation]

Mr. Xavier Barsalou-Duval: Thank you. Should I take it that you did not benefit in any way from volunteering?

[English]

The Chair: Thank you very much, Mr. Barton and Mr. Barsalou-Duval.

Next we have Mr. Bachrach.

Mr. Bachrach, the floor is yours. You have two and a half minutes.

Mr. Taylor Bachrach: Thank you, Mr. Chair.

Mr. Barton, what I've taken from the conversation is that one of the main goals of the bank was to crowd into private investment to meet the needs of public infrastructure. Is that a fair characterization?

Mr. Dominic Barton: Yes. It was, above all, to increase the amount of infrastructure spending that we'd be able to do in Canada and to draw on the private sector to add more capital, but also to ensure that it was standing on its own two feet.

Mr. Taylor Bachrach: I ask this because the bank announced that it was going to invest in a \$655-million transmission line to the United States. This was being proposed by a giant company with \$58 billion in assets that was very financially successful and able to undertake an investment of that size. They were able to secure public investment from the CIB. Well, they weren't able to secure it, but they were certainly heading down that path.

How should we understand this in light of the goals of the bank? It feels like crowding public investment into private projects that can stand on their own two feet.

Mr. Dominic Barton: I'm not familiar with the details of that. It may be worth asking someone who's actually at the bank and doing it. I'm not aware of all the—

Mr. Taylor Bachrach: I'm sorry, Mr. Barton. Maybe it's a question better directed to Mr. Guilmette.

[Translation]

Mr. Bruno Guilmette: Could you repeat your question, please? I wasn't paying attention, since you weren't talking to me.

[English]

Mr. Taylor Bachrach: The question was around the contrast between the idea of crowding private investment into the needs of public infrastructure versus crowding public investment into private infrastructure.

The Lake Erie Connector is an example of a huge project being proposed by a private company that had the means to build it and stand on its own two feet. The bank seemed to have come along and convinced ITC to take public investment.

How is the public to understand the CIB going after private projects with public money?

[Translation]

Mr. Bruno Guilmette: The role of the Canada Infrastructure Bank is to link public infrastructure projects and leverage money from other investors or private debt to make it possible to build more infrastructure in Canada, so there is a link.

The Chair: Thank you very much, Mr. Guilmette.

[English]

Thank you very much, Mr. Bachrach.

Next we have Dr. Lewis.

The floor is yours for five minutes.

Ms. Leslyn Lewis: Thank you, Chair.

Mr. Barton, you seem to have misled the OGGO committee in not disclosing the meeting of June 23, 2020. In fact, the evidence you gave was that there was no contact between you and McKinsey and the Infrastructure Bank. Now, today, you're stating that you had extensive contact with Mr. Sabia.

Can you undertake to provide the committee with a list of communications between you and Mr. Sabia, the Infrastructure Bank and McKinsey while you were ambassador of China?

Mr. Dominic Barton: I'd be very happy to do that.

I would also say, on Michael Sabia, that sometimes he would just call. I don't know if I can remember them, but there were a number of conversations. I can't remember how many. I'll try my best to look at it. I'm happy to do that.

Ms. Leslyn Lewis: I'm happy with a best efforts undertaking.

My next question is for Ms. Fukakusa.

Ms. Fukakusa, thank you so much for coming today.

When you were chair of the bank, you approved two contracts with McKinsey. That was actually contrary to the bank's interim procurement policy requirements. Is that correct?

Ms. Janice Fukakusa: Just for some context, a procurement policy was being developed, and I developed it in conjunction with the infrastructure department and the CIB transition office. The way the rules worked was that you would have up to two to three bidders, but if there was a case in point that the work needed to be done more quickly and you had experience with the contractor, then it could be done. For the two—

• (1210)

Ms. Leslyn Lewis: Ms. Fukakusa, it does not say two to three bidders. It says three bidders. That is your policy.

You just gave evidence that it's two to three bidders. That's not true. Is that correct?

Ms. Janice Fukakusa: It says up to three bidders.

Ms. Leslyn Lewis: No, it says “at least three” bidders, and I will take you to the policy. It's point (b) in the policy. It says, “Before any procurement contract where the estimated expenditure exceeds \$100,000 is entered into [by the Bank], the Bank will solicit bids”. Point (b) says, “inviting bids on a proposed procurement from potential suppliers identified by the Bank as potentially suitable—where possible, bids should be invited from at least three potential [bidders].”

It does not say “up to three”, Ms. Fukakusa. Where are you getting that information?

Ms. Janice Fukakusa: I think it's from further down in a clause that basically says, if there's an urgent necessity, it can be fewer bidders and one can be appointed directly with the sign-off from the transition office.

With respect to the studies that happened when we engaged McKinsey for the risk management work and for setting up the investment parameters, we had bids from McKinsey, Boston Consulting Group and PricewaterhouseCoopers. McKinsey was chosen because of the strength of its infrastructure and advisory practice.

Ms. Leslyn Lewis: Ms. Fukakusa, you're stating that you had three bidders, but in fact, in an email from Annie Ropar to Frédéric Duguay, Annie said, “Janice”, which is you, “confirmed they had 2 bidders for both the investment strategy work (the first engagement) as well as the risk work”.

Why did you tell Annie that you only had two bidders when you're telling us today that you actually had three bidders?

Ms. Janice Fukakusa: We had McKinsey, Boston Consulting Group and PwC for the risk segment. What happened with respect to PwC is that they didn't have the scope or the capacity. What I was referring were the two that had also participated on the investment management side. I mean—

Ms. Leslyn Lewis: Can you...?

I'm sorry. Did you want to add something?

Ms. Janice Fukakusa: Yes. What I wanted to add is that, remember, the whole activity that was happening at the time—and this was right after we were established and had the board together—was about creating very good governance and infrastructure to facilitate the actual investing of the government's and our taxpayers' dollars into infrastructure. The urgency was to get all of these processes in place, so that's—

The Chair: Thank you.

I'll let you finish, Ms. Fukakusa.

Ms. Janice Fukakusa: The urgency was to get all of these processes in place because there was a lot of funding available, but without having proper governance around how the money was being decided and spent, we couldn't be positive, given the independent board we had at the time, that we were making the right decisions on behalf of Canada.

The Chair: Thank you very much, Ms. Fukakusa, and thank you, Dr. Lewis.

[*Translation*]

Mr. Iacono, you have the floor for five minutes.

Mr. Angelo Iacono (Alfred-Pellan, Lib.): Thank you, Mr. Chair.

I'd like to thank the witnesses for being here this morning.

Mr. Barton, why didn't you suggest to the Government of Canada that it continue the P3 Canada fund?

[*English*]

Mr. Dominic Barton: That's a good question. I can't remember what the background was for it. I think the focus, we thought, was to try to encourage more private capital to come in to ensure that the projects being done would be sustainable and would be profitable, and we were concerned about subsidies. We thought that was the best approach. I think P3s are good, but that was the priority.

The other comment, as I mentioned, is that we also believed brownfield sales would be good. Where there's a utility or an operation that's already moving, do you sell part of that off to the private sector to get capital and then use the proceeds of that to invest in other infrastructure? That was kind of the line.

I think, again, Michael Sabia and Mark Wiseman would be better positioned to answer that than I am.

• (1215)

[*Translation*]

Mr. Angelo Iacono: Very good.

Before you made your suggestions to the government, did you study the operation of infrastructure banks elsewhere in the world to use them as a model? What exactly was your process? Could you shed some light on this for us?

[*English*]

Mr. Dominic Barton: Yes, we did. We looked.

I believe Michael Sabia spoke with—or it was Mark Wiseman; I can't remember—Infrastructure Australia. They have a number of players that have done very well, both at the state level and at the national level. We looked at the U.K. We also looked at what was happening in Europe with various similar initiatives with infrastructure banks or development banks focused on infrastructure. That was part of the process—trying to learn from that.

[*Translation*]

Mr. Angelo Iacono: Thank you. Do you feel that the Canada Infrastructure Bank has fulfilled its mandate to date? What do you think of the progress it has made over the past two years?

[*English*]

Mr. Dominic Barton: Yes, I feel very good hearing that the number is close to \$30 billion. It's a real movement.

Just before this call, I was looking on the website at the number of projects being done and the range and scale of the projects. There are large and small ones across the country. I think that is very encouraging.

Personally, I hope there will be more and that we can get more private capital through there. However, \$27 billion is a substantive difference. I don't know the details of them but, just in reading about them, they look very exciting.

[*Translation*]

Mr. Angelo Iacono: Thank you.

Ms. Fukakusa, did you interview or hire anyone from McKinsey to work at the Canada Infrastructure Bank?

[*English*]

Ms. Janice Fukakusa: No. When I was chair of the board, I didn't interview or hire anyone. That's—

[*Translation*]

Mr. Angelo Iacono: Thank you. Do you feel that the Canada Infrastructure Bank has fulfilled its mandate to date? What do you think of the progress it has made over the past two years?

[*English*]

Ms. Janice Fukakusa: I can't comment on that because I haven't been close to it since I left. All I can comment on is the fact that, when I left the bank, there was a significant pipeline of different projects in place, and not just in the pipeline but being examined. I thought they were off to a good start.

Mr. Angelo Iacono: Thank you very much.

[*Translation*]

The Chair: Thank you very much, Mr. Iacono.

[*English*]

Next we have Mr. Genuis.

Mr. Genuis, the floor is yours. You have five minutes.

Mr. Garnett Genuis: Thank you, Mr. Chair.

Mr. Barton, with all due respect, you're expecting this committee to swallow quite a fudge. You're telling us you spoke all the time with Michael Sabia and it was no big deal. It was one public servant to another. He would call you and you would chat.

The core issue here is McKinsey's presence and involvement in these discussions. That's what we're asking for. That's what we need to know about.

When you were talking to, giving advice to and exchanging opinions with Michael Sabia at the time you were both public servants, what was the role of McKinsey in the context of those discussions? Should the public find it odd, or even suspicious, that the conversations between you and another public servant were being facilitated and convened by McKinsey?

Mr. Dominic Barton: Michael Sabia is the one who asked for the call. You have, probably, many thousands of emails to look at in order to see whether there were any other conversations. I don't have access to them. I had conversations with Michael Sabia when he asked.

He wasn't a public servant during this time. I believe he was at the Munk School. I can't recall correctly. He would call to ask for views on things, and that's exactly how I took it. I didn't see that at all as having anything to do with McKinsey. It was Michael Sabia asking for—

Mr. Garnett Genuis: Okay. That is what you said before.

If I can drill down here, was McKinsey present for or involved in any of the discussions, formal or informal, that happened between you and Michael Sabia during the time you were Canada's ambassador to China?

• (1220)

Mr. Dominic Barton: I had many conversations with Michael, and they were not related to or had anything to do with.... Talk wasn't just on the Infrastructure Bank. For the one conversation here, all I recall is speaking with Michael Sabia, and Mark Wiseman being on there. It was a phone line. I didn't see who was in the room. As far as I was concerned, it was a request from Michael Sabia to get input. That's how I saw it and—

Mr. Garnett Genuis: Thank you, sir. You've said this before.

Was McKinsey on the line or participating in any of these conversations?

Mr. Dominic Barton: There was one conversation, which apparently there's an email about. I was not aware McKinsey was in that. What I was aware of was that Michael Sabia had asked for a call, and I took it. Again, I couldn't be there the whole time. I wasn't there at the beginning. I joined in the last 30 minutes—

Mr. Garnett Genuis: This is the June 23 one.

Mr. Dominic Barton: This is June 23.

Mr. Garnett Genuis: Okay.

In particular, we have an email from Zak Cutler, who is a partner at McKinsey. In reference to the meeting, he noted that you were going to be there. He said, "Dom's calendar has been pretty tight, so looks like this is the only time we could get him."

If Zak Cutler, who is a partner at McKinsey, has intimate awareness of your schedule.... If he's not talking to you directly, then presumably someone at McKinsey is talking to your executive assistant or the person responsible for your schedule. Is that a reasonable conclusion to draw?

Mr. Dominic Barton: No, it's not a reasonable conclusion to draw, because I had a request from Michael Sabia, and maybe they talked to Michael Sabia, or his assistant had called. I have no idea what the background—

Mr. Garnett Genuis: Okay, so the way this could have happened, by your account, is Michael Sabia is talking to you about your schedule, relaying the information back to McKinsey and then inviting McKinsey to join a call with you. Throughout this whole time, you have no idea that McKinsey is present in the meeting, while Michael Sabia is relaying information between you and McKinsey about specific details of your availability and schedule.

You want us to believe that at no point was someone from McKinsey talking directly to you or your executive assistant. It was just a complete surprise to you that McKinsey was on the call.

Mr. Dominic Barton: I wasn't aware of that.

Again, what I would say, differently, is that maybe it was Michael Sabia's secretary who was trying to set up the call and told the McKinsey people. I don't know. That's a very valid outcome. The point is—

Mr. Garnett Genuis: That's just not plausible, sir, because Annie Ropar from the Infrastructure Bank is communicating with Zak Cutler and Antonino Piazza at McKinsey, and they're discussing your schedule and events they're going to put together, at which you're going to participate, along with McKinsey and various others. Either you're not telling the committee the truth, or you routinely take meetings where you have no idea who's going to be there, either before or after.

Even if we believe your account that you were totally ignorant to these things, that doesn't sound like a very effective ethical screen. If you say there's an ethical screen that's supposed to keep you from interacting with McKinsey, but McKinsey can show up at meetings and you're not aware they're there, and you're fine to share your advice not knowing who's on the call—

The Chair: Thank you very much, Mr. Genuis.

Mr. Garnett Genuis: —at best, isn't that highly negligent?

Mr. Dominic Barton: Neither of those things are correct.

Mr. Garnett Genuis: I look forward to following up.

The Chair: Thank you, Mr. Barton, and thank you, Mr. Genuis.

Next we have Mr. Rogers.

Mr. Rogers, the floor is yours. You have five minutes, sir.

Mr. Churence Rogers (Bonavista—Burin—Trinity, Lib.): Thank you, Chair.

Welcome to our witnesses today.

It's unfortunate we lost Mr. Morneau because of technology problems. I'll skip the questions for him and go directly to Mr. Barton.

Mr. Barton, as you've alluded to today, the \$27 billion available for investment through CIB is, of course, great for infrastructure programs across this country. A lot of work is being done in many areas that desperately need that funding, like the broadband programs, for instance, that are being developed in rural Canada. This work wouldn't happen without the support of the bank.

I want to ask you, for the benefit of the committee, if you can please tell us about your role on the advisory committee of the council on growth. What were your contributions to the conversations surrounding the creation of the Canada Infrastructure Bank?

• (1225)

Mr. Dominic Barton: As I mentioned in the opening statement, there was a range of different areas that we were looking at to try to get more growth in the Canadian economy and to improve median incomes. That was the target we were aiming towards for 2030, and infrastructure was a core element of it. We found, from other countries' work, that this can be a multiplier in productivity improvement and growth, so we knew that would be a core piece. As I mentioned, there was re-skilling and there was unleashing some sectors we thought were important, like agriculture, health care and so forth. There were 13 recommendations in total.

On the infrastructure side, the way I tried to do it on the growth council—because we had 14 people with these different initiatives, if you will—was by dividing the group up to look in more detail, and then there was the discussion with the broader group. On the infrastructure piece, the key drivers were Mark Wiseman and Michael Sabia. Ken Curtis also played an important role in that. They were the ones who were driving the thinking and looking at what was happening in other countries to come up with recommendations that we would then debate.

What I was trying to do—because there were pretty strong-minded individuals in the group—was ensure that we could get to a conclusion. There were very robust views in that group; there were no wilting lilies in there. My job was to make sure we were covering the right areas and that we were able to get specific and actionable programs the government could review and, as I said, decide to take or reject. They didn't accept everything we'd recommended because it was up to them to decide what they wanted to do.

That, really, was the approach. I don't know if there's any more information I can provide.

Mr. Churence Rogers: Given that you have a history of involvement with the former Conservative government, of course, and with the current Liberal government, can you please tell the committee why you feel it's important for all political parties at all levels of government to support getting infrastructure projects built for Canadians?

Mr. Dominic Barton: Whether it relates to commuter transportation between key cities and within cities; being able to get our products to market, as I mentioned, on the agricultural side; or the entire renewable energy side, which is going to be one of the largest capital reallocations in human history—we have a ton of opportuni-

ty in Canada to do that—I believe that having infrastructure will have long-term benefits for Canadians. While Canadians are benefiting through all the benefits that infrastructure provides, projects themselves also contribute a lot, so it's a very important part, I think, of Canada's achieving prosperity.

Mr. Churence Rogers: Thank you very much.

Ms. Fukakusa, can you please tell us about your career in finance and how that helped prepare you for your role of inaugural chairperson of the CIB board of directors?

The Chair: Answer in 20 seconds, if possible, Ms. Fukakusa.

Ms. Janice Fukakusa: My career in finance was extensive. I worked for RBC for 31 years in various divisions, including financing of infrastructure. It was everything from that to setting up governance to risk management to work around investment approvals, those sorts of thing. I think given where I sat and given my familiarity with financial institutions, I had a good background to take on the role of chair.

Mr. Churence Rogers: Thank you very much.

The Chair: Thank you very much, Ms. Fukakusa, and thank you, Mr. Rogers.

[*Translation*]

Mr. Barsalou-Duval, you have two and a half minutes.

Mr. Xavier Barsalou-Duval: Thank you, Mr. Chair.

Mr. Barton, I will begin by reminding you that the title of our committee's study today is the role of McKinsey & Company in the creation and the beginnings of the Canada Infrastructure Bank.

Since your opening statement, you have seemed to claim that McKinsey had nothing to do with this and exerted no clout whatsoever. Who recommended that the Canada Infrastructure Bank be created? It was the Advisory Council on Economic Growth, which was chaired by you—McKinsey's global managing director. The secretariat of the same council that recommended the infrastructure bank be created was made up of McKinsey employees.

When the infrastructure bank was subsequently set up, to whom did the bank give consulting contracts to help it get started? McKinsey. In fact, a bunch of the Canada Infrastructure Bank's board members and senior management came from McKinsey. What's more, McKinsey clients have won millions of dollars in contracts from the Canada Infrastructure Bank. This bank has become such a creature of McKinsey that a former McKinsey partner is now its CEO.

Mr. Barton, did all of that happen by chance? Is it really a coincidence?

• (1230)

[*English*]

Mr. Dominic Barton: You made a number of points on this.

Number one, the Infrastructure Bank was part of Liberal Party policy in 2015. To suggest that McKinsey has come up with that is false.

Number two, it was the growth council that was actually coming up with recommendations, not McKinsey. I mention again that the lead people on that were Michael Sabia and Mark Wiseman.

[*Translation*]

Mr. Xavier Barsalou-Duval: Mr. Barton, I understand what you're telling me: the idea of an infrastructure bank didn't come from McKinsey—

[*English*]

Mr. Dominic Barton: Can I answer your question?

Ms. Jennifer O'Connell: I have a point of order.

[*Translation*]

The Chair: Please speak one at a time, so that the interpreters can follow.

Mr. Xavier Barsalou-Duval: What we understand from the quotes here—

The Chair: Excuse me, we have a point of order.

[*English*]

Go ahead, Ms. O'Connell.

Ms. Jennifer O'Connell: Mr. Chair, thank you.

We can't speak over witnesses because the interpreters need the opportunity to hear. Also, it is customary in committee that if you ask a question, you give reasonably the same amount of time for the witness to answer.

I'd like to hear the answer from Mr. Barton.

The Chair: Thank you very much, Ms. O'Connell.

[*Translation*]

Mr. Barsalou-Duval, I had stopped the clock. You have 30 seconds left. You may begin your question to Mr. Barton again so that he can answer.

Mr. Xavier Barsalou-Duval: Thank you, Mr. Chair.

Mr. Barton, you told us that the Canada Infrastructure Bank was not McKinsey's idea, and your associates have said the same thing. However, what we understand from all the quotes we've heard today, both from Mr. Sabia and from the McKinsey people's own contract submissions, is that you were extremely involved in the recommendations that led to the bank's creation.

Worse than that, you said that this bank idea was part of the Liberal platform. However, as I've already pointed out, the Liberal platform proposed an infrastructure bank different from the one proposed by the Advisory Council on Economic Growth, over

which McKinsey had a strong influence. McKinsey had a significant influence, then, didn't it?

[*English*]

Mr. Dominic Barton: Thank you for your question.

Number one, what I'm saying is the idea of an infrastructure-type bank was already a part of the Liberal Party policy.

Number two, the growth council, in looking at many other different infrastructure banks and approaches around the world, is the one that came up with the recommendations, again led by a sub-team, which was Michael Sabia, Mark Wiseman and Ken Courtis. They were the key drivers of it. The McKinsey work, as you've heard from Janice in a conversation, was done through an official procurement process and other people were looked at for it.

As it relates to the—

The Chair: Thank you very much, Mr. Barton.

[*Translation*]

Thank you, Mr. Barsalou-Duval.

[*English*]

Next we have Mr. Bachrach.

Mr. Bachrach, the floor is yours. You have two and a half minutes.

Mr. Taylor Bachrach: Mr. Chair, my question is for Mr. Guilmette.

Mr. Guilmette, early on in the bank's evolution, it pursued a pilot project in Mapleton, Ontario, that sought to privatize the community's drinking water and waste water. I can assume that since it was characterized as a pilot project, the bank wanted to learn something that could inform future such projects. Obviously, it is a controversial proposal to privatize what traditionally is public infrastructure.

That project didn't go ahead. In the end, the community assessed the risk and the value to residents and decided against it, and was stuck with a \$300,000 legal bill as result.

What did the bank learn from that pilot project?

• (1235)

[*Translation*]

Mr. Bruno Guilmette: Thank you for the question.

First of all, the bank is not looking to privatize infrastructure, but to integrate private capital, with the support of public authorities, be they municipalities, provinces or the federal government. So we're talking about partnerships between government authorities and the private sector, whether operators or investors. We want to leverage capital, increase capital to augment public capital and accelerate infrastructure growth.

I don't precisely remember the example you gave, but as you say, the project was not implemented. The decision not to implement the project was made, and in my opinion, it was certainly made collaboratively, in the context of discussions between bank staff and public authorities. The philosophy of the bank as a whole is that there should be public support for this type of investment.

[English]

Mr. Taylor Bachrach: Mr. Guilmette, you said that the bank does not pursue privatization, but it's certainly involved in projects whereby private investors come in and invest in building infrastructure, and then are responsible for operating that infrastructure and charging the users of the infrastructure fees. That sounds to a lot of people like privatization. Isn't that a fair characterization?

[Translation]

Mr. Bruno Guilmette: No, it's not privatization. I've said it and I insist on it: it's a partnership that involves the public authorities. Private and public capital are mobilized. Various levels of government can be involved. It's not privatization: It's collaboration, partnership. Incidentally, you also alluded to the P3 Canada Fund. In the past, these were also partnerships. The difference, with the bank...

The Chair: Thank you very much, Mr. Guilmette.

[English]

Next we have Mr. Genuis.

Mr. Genuis, the floor is yours. You have five minutes.

Mr. Garnett Genuis: Thank you, Mr. Chair.

Mr. Barton, I'm going to give you one more chance to shed some light with respect to my previous questions about your engagement with McKinsey while you were the ambassador to China.

You told the operations committee regarding that engagement that it was "excommunicado", but Zak Cutler at McKinsey knew details of your schedule, was discussing them with Annie Ropar at the Infrastructure Bank and was convening a meeting involving you, McKinsey and the Infrastructure Bank. The emails prove that McKinsey was intimately involved, which clearly contradicts your earlier testimony.

This is important, because McKinsey's special access to government allowed it to massively increase its take of taxpayers' money, and your presence helped make that happen. You may not have been selling directly, but your presence helped McKinsey facilitate these sales before and after you were ambassador. You were, by all indications, fine with that.

Given that McKinsey was convening meetings with you, are you prepared to acknowledge that your relationship with McKinsey after you received the appointment as ambassador was not, as you had previously described, excommunicado?

Mr. Dominic Barton: As I said before to your question, I have no idea how McKinsey was involved or not, in that I received a request from Michael Sabia and his office to speak to him, and that's what I did. I had only 30 minutes, because I had a dinner that I had to finish. I joined late. I don't know how long that had been going on for. I know that Mark Wiseman was there.

As far as I was concerned, that was a request from Michael Sabia. It had nothing to do with McKinsey.

Mr. Garnett Genuis: Mr. Barton, I've questioned you before, and your routine willingness to say that you didn't know things you should have known has always struck me as profoundly odd.

We have the emails in front of us that show this McKinsey partner knowing your schedule and convening the meeting. If you, as ambassador to China, had people walking into meetings or facilitating meetings and you didn't know who they were or who was organizing the meeting, that is also very strange.

Again, the importance of this is the advantage that was provided to McKinsey. We've heard your thoughts on this, but I don't think it's going to be convincing to anyone.

I want to follow up on another point.

During your last committee appearance, you defended McKinsey's track record overall and you called criticism of McKinsey "anti-capitalist". It seemed to me at the time, as now, that you missed the critical point that free market capitalism only works when everybody is expected to play by the same rules. McKinsey was not required to play by the same rules. You were able to facilitate what constituted, practically, special access, and then McKinsey made over \$100 million selling to this government.

The government has admitted... The Treasury Board released a press release saying that not all rules were followed in the awarding of contracts to McKinsey. Your colleague, Andrew Pickersgill, was serving the growth council that you led while also facilitating informational meetings with McKinsey's so-called experts, which in fact also led to sales.

I would put to you that this is not capitalism as it should be practised; this is cronyism. It may be how things work in the PRC, but it's not how things work or are supposed to work in Canada.

Do you think these kinds of arrangements were acceptable and ethical?

• (1240)

Mr. Dominic Barton: As I said before, I'm very proud of the work that McKinsey did. I think you heard from Janice about the impact. You should ask them about whether there was an impact or not in terms of the work.

I think McKinsey followed very ethical processes.

As I said, I'm proud to have done the work with the growth council. It was giving back. It was a wide range of things that we were focused on.

I think McKinsey had to follow the procurement rules. As I mentioned in my earlier statement, in terms of the scale of what was going on—and I'm not saying \$100 million isn't a lot—in that last fiscal year of 2022, \$22.2 billion was given to different consulting firms.

Yes, McKinsey was doing work. They had to follow the procurement processes, and where it was they—

Mr. Garnett Genuis: Mr. Barton, I will jump in to point out again that the Treasury Board has already said publicly—they put out a press release to this effect—that procurement rules were not fully or “consistently” followed in the awarding of contracts to McKinsey.

In terms of your pride in McKinsey's track record, I want to ask you another question.

This federal government has now joined B.C.'s class action lawsuit against McKinsey over their role in fuelling the opioid crisis. You no longer work for McKinsey, so you have nothing to lose by telling us the truth on this point. When it comes to its work on opioid sales, do you think McKinsey engaged in wrongdoing?

Mr. Dominic Barton: I'll say a couple of things about that.

First of all, I've listened to what Mr. Palter said, who I think was before the committee. He said that McKinsey did “no opioid sales and marketing work in Canada”. I think it's important to reflect that.

Mr. Garnett Genuis: My question was a general one. Do you think they engaged in wrongdoing?

The Chair: I'm sorry, but there is no time for an additional question. I was just letting Mr. Barton respond.

You have another round coming up, Mr. Genuis.

Next we have Ms. Thompson.

Ms. Thompson, the floor is yours. You have five minutes.

Ms. Joanne Thompson (St. John's East, Lib.): Thank you, Mr. Chair, and certainly thank you to the witnesses for coming here.

I'm delighted to join this committee today.

I will start with you, Mr. Barton. I want to say, first of all, thank you for making yourself available to this committee. I was present for the OGGO meeting, and I certainly appreciated how you answered the questions. In much the same vein, I want to say today that on a very personal level, I am offended when, in committees, we question the character of any witness.

Mr. Barton, I'm going to ask what I believe I asked in the last OGGO meeting. Is there anything you would like to say to this committee, in light of the rapid-fire questions and the very brief period of time you've been given to answer questions?

Mr. Dominic Barton: That's very kind. Thank you.

I would just say, number one, that I'm very proud that an infrastructure bank was created and moved forward. I think it's going to help Canadians move things forward.

The second point is that I believe I was very much operating in the spirit of trying to give something back to the country. This is

voluntary work. I think we were given one loonie for each year that we did it, but it was an honour to serve the country. There was zero aspect of this being an opportunity for McKinsey. McKinsey is a very large firm that is very busy and has lots of things to do. This is the last thing it needs for generating work. That's not how it's seen.

I don't want to lose the forest for the trees, in that I think it was important work for the country. I'm excited that a lot of the recommendations actually did go through—not all of them did—and I'm excited about the progress.

Just to reiterate, I think McKinsey has followed all of the processes in the procurement approach, and I hope that we'll be able to look at the facts clearly like that.

● (1245)

Ms. Joanne Thompson: Thank you.

I'll switch to you, Ms. Fukakusa.

Thank you for coming to committee today. I want to acknowledge the work you do in the not-for-profit sector. I think giving your time and expertise to the community is commendable.

In your opening comments, you referenced similar models of infrastructure banks in the U.K. and Australia. Could you speak to that and what you learned from looking at other infrastructure banks around the world?

Ms. Janice Fukakusa: They are successful in those two jurisdictions because they're able to use public funding—Bruno talked about this a bit—and leverage it for private funding. In other words, they multiply the good of government funding by engaging the private sector to build infrastructure, to fund it and to get it done faster.

That's in essence what it is about. It's a very complicated process, so you can understand that when we were standing up the Infrastructure Bank in Canada, we had to make sure that governance was first and foremost in all the building activity we did. We had to make sure that we had the right constructs and filters so that when the independent board was faced with a recommendation from the investment group, they were comfortable that all the due diligence had been done around it.

I think in the other jurisdictions you see that to this day, and it also shows you the excellent co-operation between the public sector and the private sector in working on the same mandates and the same objectives.

Ms. Joanne Thompson: Thank you.

Mr. Barton, I'll just go back to you for a moment.

We've heard public-private partnerships spoken about today. Could you speak to the times when that model is appropriate versus when private investment is much more timely or appropriate, understanding that many of the investments need to happen in very short order to meet the reality of where we are in the 21st century and understanding the impact on our infrastructure of a climate crisis?

Mr. Dominic Barton: I think public money is very important to help provide the security, if you will, or the baseline so that it's going to be long term and it's going to work. Bruno and Janice may correct me, by the way.

It's to provide the baseload to incentivize, then, the private sector to come in and say, "Okay, this is going to have the time frame we're looking at and we can actually see returns from this." It helps to encourage it. It's much easier to invest in brownfield than in greenfield, and that's why I think—

The Chair: Thank you very much, Mr. Barton.

We have 12 minutes left, so we'll do what we like to call a "rapid-fire round". We'll do four minutes, four minutes, two minutes and two minutes.

We'll begin the four-minute round with Dr. Lewis.

Ms. Leslyn Lewis: Thank you, Mr. Chair.

My question is for Ms. Fukakusa.

In 2018, you asked McKinsey for suggestions on hiring at the bank. On February 28, 2018, Andrew Pickersgill of McKinsey wrote an email to you with a list of McKinsey's own contractors to hire. Did you expect McKinsey to give you names of outside contractors?

Ms. Janice Fukakusa: No. When we were starting the bank itself, we needed to cast a very wide net on relevant, very capable people in the infrastructure field. That request was made to McKinsey and was like several requests I made across the network to get a candidate pool.

Just to emphasize that, we hired no one on the McKinsey list. In fact, when we did the actual search for our senior positions, we used a search firm. It was just to get a feel for what was there in a potential employment base.

• (1250)

Ms. Leslyn Lewis: Thank you.

Mr. Garnett Genuis: Thank you, Dr. Lewis.

Thank you, Chair.

Ms. Thompson said in her last round that she is "offended" when people "question the character" of witnesses. This might be uncomfortable for some members, but the reality is that Mr. Barton is clearly lying to this committee. We have the emails in black and white and—

Ms. Joanne Thompson: On a point of order, I am offended when we say to a witness that they are lying. I would like you to use other language, please.

Mr. Garnett Genuis: On that point of order, Mr. Chair, a person being offended is not a matter of order.

The Chair: I would like to advise all members and invite all members not to accuse any of our witnesses of lying. That is unbecoming of all members of this committee. Let's be diligent in the wording we are using.

Mr. Garnett Genuis: Thank you, Chair.

I would hope witnesses would be diligent in the words they use as well, in particular in the correspondence between those words and the facts.

To use sanitized language, this is a point of misinformation that is of significant consequence for this file because it seems that McKinsey was effectively able to infiltrate the government and shape decision-making on many levels and benefit from that shaping of decision-making. Mr. Barton's presence in and close relationship with the government allowed that to happen. I simply cannot square the fact that he has said in his testimony at OGGO that there was a "recusal" or a screen that prevented him from any dealings with McKinsey and that it was "excommunicado". He repeated some of that testimony verbatim today.

It is impossible to square that with the fact that we have emails in which a partner at McKinsey is facilitating a meeting involving Mr. Barton and in the process has an intimate understanding of his schedule and availability. This is an obvious problem, and again, it is a problem of profound consequence because of the influence McKinsey has been able to exert over operational aspects of government and the significant increase we've seen in the money they've earned from government.

I'm also struck by the fact that McKinsey employees or former employees continue to come before various parliamentary committees and defend the alleged ethical track record of this company when not only do we have these problems of conflict of interest, but we have McKinsey's record in the opioid crisis and its record in assisting with the fingering of dissidents in Saudi Arabia, as well as its various other scandals throughout the world.

In the time I have left, Mr. Barton, I have one more question for you.

What other clients did McKinsey work for that have approved projects with the Infrastructure Bank?

Mr. Dominic Barton: I'm sorry. Can you say that again? I don't understand your question.

Mr. Garnett Genuis: Which other McKinsey clients had approved projects with the Infrastructure Bank? McKinsey did work for the Infrastructure Bank at the same time as they were prospectively working with clients who were trying to do business with the Infrastructure Bank. Which other clients do you work for in the private sector that have approved projects with the Infrastructure Bank?

The Chair: Unfortunately, we don't have time for that response. We're already at four minutes and 17 seconds.

Mr. Garnett Genuis: Mr. Barton, could you provide that in writing?

Mr. Dominic Barton: Sure, I'd be happy to do that.

The Chair: Thank you very much, Mr. Barton, and thank you very much, Mr. Genuis.

Next we have Ms. O'Connell.

The floor is yours, Ms. O'Connell. You have four minutes.

Ms. Jennifer O'Connell: Thank you, Mr. Chair.

Mr. Genuis should read the blues from our previous meeting, where McKinsey representatives said that zero of their clients were working for or being advised on any Canada Infrastructure Bank projects. The blues will provide that testimony as well.

I want to go over a couple of points here.

When Mr. Genuis said McKinsey had a close relationship with the government, I wondered which government it was. Throughout this testimony, we saw that it was perfectly fine when then minister Flaherty and then prime minister Harper worked with and sought the advice of individuals who also worked for McKinsey. The Harper government also provided contracts with McKinsey.

Now that it's no longer a Conservative government in power, they seem to have an issue. There were 11 or 12 OGGO meetings with all the same testimony. Nothing came out of them because it was determined there was not a scandal here. The Conservatives claim to have these so-called smoking-gun emails that say—wait for it—somebody knew Mr. Barton's availability for a meeting. That's it. That's the email they have. They don't have an email about McKinsey being in the room or hosting this meeting, or about McKinsey having any involvement. They have that somebody knew Mr. Barton had availability for a certain time.

It's interesting because we as members get requests to hold meetings all the time. Our staff, I'm sure, often say—I know mine do—“Oh, she's unavailable at that time. She might be available at this time.” Two consultants—two lobbyists—tried to reach out and hold meetings with all of us. Two stakeholders.... That's the big scandal of the Conservatives after four meetings.

I find it interesting to accuse somebody of lying at this committee when the Conservatives continue to ask the same question. The same response is provided, but it's not the response the Conservatives would like; therefore it's a lie.

I think it just goes to show Canadians that this isn't really about looking at the Canada Infrastructure Bank and the McKinsey studies. This demonstrated that there were three contracts with McKinsey. Today, we heard testimony that they followed the procurement process. There were three total consultants considered. McKinsey won out. It was a total of \$1.4 million. That's it. There haven't been new McKinsey contracts.

In comparison, P3 Canada was a Conservative infrastructure program. In 10 years, they had 25 projects and a total of \$1.3 billion in investments. In five years, the Canada Infrastructure Bank has had 46 projects and \$9.7 billion in investment, but 27 billion dollars' worth of infrastructure. Clearly, the work the board did in the restructure or rethink—or whatever you want to call it—resulted in a significant amount of infrastructure being built across this country.

Using a model to fill in the gaps.... We also heard testimony that these were some of the hardest projects to get going. We heard that 450 zero-emissions buses for the City of Brampton would have been impossible. Those were the words of Mayor Brown. It would have been impossible to do without the Canada Infrastructure Bank.

• (1255)

The Chair: Thank you very much, Ms. O'Connell.

[*Translation*]

Mr. Barsalou-Duval, you have the floor for two minutes.

Mr. Xavier Barsalou-Duval: Thank you very much, Mr. Chair.

It would take too long to present arguments or facts that don't fit Ms. O'Connell's statements at all, so I'll go elsewhere. I do, however, invite people to go and look at the minutes of the May 11, 2023, committee meeting, which may tell them more about McKinsey clients who may have benefited from Canada Infrastructure Bank investments.

Mr. Barton, in closing, I find it hard to believe in the randomness of McKinsey's presence at all stages of the process. So my question is going to focus on the issue of volunteerism at McKinsey.

There was a volunteer presence of McKinsey employees in support of the Advisory Council on Economic Growth when you were its chair. You said you were the chair in a personal capacity, not as McKinsey's director of global affairs. However, it was still people from McKinsey who supported the operation of the council and I'm still looking for a logical explanation for that.

When you make a staff or volunteer investment in an organization like this, I assume people have timesheets and the amounts are quantified. To take it a step further, I'd like to know if you'd be able to tell us how much it cost McKinsey. How many people were involved? What was the total value of this volunteer participation in the Advisory Council on Economic Growth?

[*English*]

Mr. Dominic Barton: There are a couple of things I have to say. If you're wondering what the role was, it was to provide data at the request of growth council members. They weren't providing recommendations at all. They weren't in the room when any of the deliberations were occurring. It was agreed to up front with the Deputy Prime Minister and Minister of Finance that we were doing this, so it was all clear—

• (1300)

[*Translation*]

Mr. Xavier Barsalou-Duval: What was the value of the participation and how many people were involved, Mr. Barton? That was my question.

[*English*]

Mr. Dominic Barton: I don't know. I have no idea what that was. That wasn't the point of it. It was just about getting support. No cost-benefit analysis was done. It was—

[*Translation*]

Mr. Xavier Barsalou-Duval: People fill out timesheets, Mr. Barton. I've worked in firms and I know how it works; there are timesheets, there are staff involved and there are budgets, too. It's not unlimited, I guess.

[*English*]

Mr. Dominic Barton: You should ask Mr. Pickersgill or Rob Coulter. I have no idea what that is. It wasn't relevant.

The Chair: Thank you very much, Mr. Barton.

Finally for today, we have Mr. Bachrach.

The floor is yours. You have two minutes.

Mr. Taylor Bachrach: Thank you, Mr. Chair.

Again, thank you to all of our witnesses.

A lot of this discussion has focused on perceived conflict of interest, and I think the thing about perceived conflict is that a lot of it has to do with the perceiver, not necessarily the party being perceived. Ms. O'Connell's point that these relationships were very similar under a Conservative government I think points to the larger, systemic issue, which is corporate capture when it comes to these infrastructure investments and the role of consulting companies, their clients and the individuals involved.

I would go back to that Globe and Mail article from 2017. The journalist interviewed "a source with extensive government and private sector experience in the infrastructure sector", who was quoted as saying, "It does seem cozy and not typical of arm's length advi-

sory processes." There are certainly people looking at this whole advisory council-CIB-McKinsey situation and saying that it seems pretty cozy, and not something that we would typically want to see when we're talking about billions of dollars of public money being spent.

My question is around risk transfer. One of the main advantages that's often touted for public-private partnerships is the transfer of risk off the public sector onto the private sector. However, we see the bank involved in investments that transfer risk from the private sector onto the public sector.

My question, perhaps, to Mr. Barton, is this: Why should Canadian taxpayers take on risk that the private sector isn't willing to bear?

The Chair: Give a 20-second response please, Mr. Barton.

Mr. Dominic Barton: I think the private sector does bear the risk by putting their capital into it. We need to find projects where they're willing to do it. I think it leads to a better outcome. Having the private sector in there I think, in fact, makes a project more viable. It requires that the analysis being done stands up to people being able to put money into it. I think it is better from an overall risk point of view than just having the government do it.

The Chair: Thank you very much, Mr. Barton.

On behalf of all members of this committee, I'd like to thank our witnesses for appearing before us today.

With that, this meeting is adjourned.

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