



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on Government Operations and Estimates

EVIDENCE

NUMBER 062

Monday, April 24, 2023

Chair: Mr. Kelly McCauley



Standing Committee on Government Operations and Estimates

Monday, April 24, 2023

• (1555)

[English]

The Chair (Mr. Kelly McCauley (Edmonton West, CPC)): Colleagues, we'll get started. I call this meeting to order.

Welcome to meeting number 62 of the House of Commons Standing Committee on Government Operations and Estimates. Pursuant to the motion adopted by the committee on Wednesday, January 18, 2023, the committee is meeting on the study of federal government consulting contracts awarded to McKinsey & Company.

Colleagues, to start off, I apologize. There is a bit of a change to the original schedule. Ms. Bonin will be sharing the beginning time with Mr. Wernick. We will not be splitting the time into one hour and one hour. We will have two opening statements.

We'll start with Mr. Wernick, please, for five minutes.

Mr. Michael Wernick (Jarislowsky Chair in Public Sector Management, University of Ottawa, As an Individual): Thank you, Mr. Chair.

Thanks to the committee for the opportunity to come to have an exchange today. I'm very pleased to be invited. I hope to be helpful to your study and will come at it with three perspectives.

First, I am now working part time at the University of Ottawa on public sector management issues, not on "what" government does but "how" it does it. You can find a series of articles, podcasts and interviews on my LinkedIn feed, if you're curious.

Second, unlike my fellow academics in the field, I was an executive in the public service for 28 years, a deputy minister for 17 and head of the public service for three. I have some experience in getting work done and with the issues associated with using external contractors and, indeed, managing public servants.

Third, I have done a handful of small consulting gigs over the past three years since I left government. I have a little bit of exposure to the world of consulting firms and the perspectives of suppliers.

I sent the committee clerk a while ago two articles I wrote earlier this year. I hope you've had them. One was on February 7 in Policy Options about the use of outside contractors. The other was on February 11 in The Globe and Mail. It made some suggestions on how to strengthen public sector capacity. In the interest of your time, I won't go over my Policy Options article in any detail. I'm happy to take questions. The short takeaway is that the issue is not

whether to use outside suppliers of services but how to use them for best effect.

One thing I do want to say on the record is that you're not bystanders to this. Some of the demand for the use of consultants comes from elected politicians, and always will. I worked with several ministers over the years from both sides who were instinctively skeptical of public service advice, or their delivery skills, and wanted validation from an outside perspective. I don't see that ever changing, and there's nothing wrong with it. No elected politicians will ever want to be completely dependent on the public service, and nor should they be. They would always want outside perspective from time to time.

In the discussion that broke out earlier this year, concerns have been raised about the public sector's potential dependency on outside help. That's a valid concern. Concerns about getting value for money for taxpayers are valid. Concerns about the ongoing capability of the public sector are valid, and I wish drew more sustained and consistent attention.

Personally, I don't buy the gloom and doom diagnostic that's been running over the last few months, at least not in full, but if you choose to buy into that diagnostic, a question arises: What will you do about it? You're people with influence as members of the government and members of the government in waiting.

I made a number of suggestions in the piece I wrote for the Globe and Mail, and I have more if you're interested. First, we do not need a one-off royal commission on the public service. We need a more robust supply chain and a variety of sources of ideas and innovation, not just about policy but especially about management.

The committee could, and I encourage you to, endorse any or all of the five measures I proposed in my *Globe and Mail* piece. Create a new House-Senate committee on the public service. Recreate the advisory committee to the Prime Minister that existed in the past. Ramp up interchanges between the public service and other sectors to at least 100 people in each direction each year. Create a better government fund of about \$20 million a year to generate ideas and a safe place for debating them in universities, think tanks and foundations. Finally, use the Council of the Federation and other fora to bring together federal, provincial, municipal and indigenous governments on common work plans and agendas for a more effective public sector for Canada.

Here's another one that's my reaction to the recent budget. It isn't good enough to just set a target to spend less on consultants. That's a classic half measure. The other half that is missing is a commitment to double the annual investment in training and leadership development within the public service. I would like to see a commitment to protect training and leadership development budgets when the operating budgets are cut by 3% in the coming years. You should ask the government for that commitment. You could ask the parliamentary budget office to provide you with a thorough baseline study of what the government spends on training and leadership development, both in-house and external suppliers. What does it spend to reinvest in and recapitalize its most important asset—its labour force?

My recommendation to you as a committee is that the next big study you take on should be about the capability of the public service, how to sustain it and how to improve it. Instead of always looking back, look forward. Think about future-proofing. Call witnesses, make implementable recommendations and call for a government response.

I would like to see all political parties make at least three specific implementable commitments in their platforms in the coming election that speak to how they would improve public sector capacity—not generalities, but specific commitments.

• (1600)

You can believe in big government, limited government, a more expansive role for the federal government in the federation or a more limited role for the federal government in the federation, but I hope you will all agree that Canadians want good government.

Thank you, Mr. Chair.

I'll be happy to take your questions later.

The Chair: Thank you, Mr. Wernick.

We have Ms. Bonin, please, for five minutes.

[*Translation*]

Ms. Geneviève Bonin (Managing Director and Partner, As an Individual): Mr. Chair and committee members, thank you for inviting me to contribute to your work.

[*English*]

I'm a fellow-certified management consultant and a professional engineer, and from 2018 to mid-2022, I was the leader of the social, health care, public and education sector at McKinsey Canada. I re-

cently joined the Boston Consulting Group as a managing director and partner, and I am in my first year of orientation with the firm.

[*Translation*]

I am happy to provide you with background information relating to my work for the Government of Canada during my time at McKinsey.

First, however, I would like to tell the committee about my professional career and my history.

[*English*]

The Chair: I'm sorry, our interpretation does not seem to be working.

Okay, we're working again.

Please go ahead.

[*Translation*]

Ms. Geneviève Bonin: I should have warned you that I was going to speak in French, Mr. Chair.

[*English*]

Before I entered the consulting world, I was a member of the Canadian Armed Forces. I was commissioned in June 1988 at the age of 16.

I was educated at the Royal Military College of Canada, graduating with a Bachelor of Chemical and Materials Engineering, and I trained as a naval engineering officer. I served on multiple training deployments at sea as a naval engineering officer. I was one of the first females to serve as a commissioned officer in a combat role on our Canadian ships. I was also educated at the Royal Naval Engineering College of the British navy at a time when they had no women serving as engineering officers.

My service to my country remains among my proudest achievements to this day. During my time with the Canadian Armed Forces, I experienced first-hand the sacrifices that our serving members and their families have to make for the benefit of all Canadians. In particular, many other incredible women have done the hard work of carving out an equal space for all genders in the Canadian Armed Forces over long and admirable careers. I'm so proud to have played a small role this early in my professional life.

After I left the military, I continued my public service in different ways, and currently serve on the boards of the True Patriot Love Foundation, the Invictus Games 2025, and the Royal Ottawa Hospital's Institute of Mental Health Research.

I have always viewed my role as a consultant as an extension of my desire to serve. The modern challenges our society faces are complex and sometimes require expertise and capacity that might not exist in the public service. This is why it is important to have consulting organizations that are able to step in and assist the public service when necessary.

It is every consultant's duty to know when value can really be created. It is also equally important for us as consultant to transfer our skills and capabilities in order for the public sector to be sustainable on its own. This has been and remains a top priority for all the consulting engagements I have been involved with.

I was hired by McKinsey in 2018 to focus on the public sector. I had already been working in public sector consulting for over 22 years and had established myself as an expert in diversity, equity and inclusion. McKinsey was already serving public sector clients, and the firm thought that our Canadian government might benefit from McKinsey's global expertise in certain sector areas.

When a rapid response was needed to the issues occurring within the military's internal culture, for example, McKinsey was able to provide the tools needed to assist. As a female who had previously been in the armed forces, I had first-hand experience with Defence's internal culture. Both McKinsey's global qualified experts and I have training and experience in conducting trauma-informed investigations and interviews.

We led or participated in a series of consultations with quite a few people from a wide range of defence and armed forces personnel. Many of these interview subjects were impacted by gender or racially based discrimination and harassment. As such, it was important that we gather their important perspectives in an independent, external and trauma-informed manner. Through this collection of data and expert analysis, concrete recommendations on how to improve the culture were made for the benefit of not only our military but all Canadians.

It is my firm view that the work I performed as a partner at McKinsey with the Government of Canada was a valuable and ethical contribution.

I look forward to answering your questions today, and I hope to assist the committee in its work.

• (1605)

[*Translation*]

Thank you, Mr. Chair. I am prepared to answer questions from the committee.

[*English*]

The Chair: Thank you very much. I appreciate that both of you changed your schedules a bit to accommodate our committee.

We have Ms. Kusie for six minutes, please.

[*Translation*]

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

Thanks to the witnesses for being here today.

Congratulations on your achievements, Ms. Bonin. They are truly incredible. I worked as a diplomat at the Department of Foreign Affairs of Canada for 15 years myself. I know that is not the same as the Department of National Defence, but I still think we have a lot of things in common.

[*English*]

Madame Bonin, how many contracts that McKinsey had with the Government of Canada did you work on?

Ms. Geneviève Bonin: I don't have that information. Having left McKinsey, as you'll appreciate, I no longer have access to any files or any contracts. I believe you have that answer. You'll have to go back to McKinsey to get that specific information.

Mrs. Stephanie Kusie: I would love to have that answer in the documents. Unfortunately, we don't have the documentation as of yet.

What was your role specifically in these contracts, Madame Bonin?

Ms. Geneviève Bonin: There were many different types of roles—sometimes coaching the team, sometimes leading the engagement, sometimes providing expertise.

Mrs. Stephanie Kusie: How were these particular contracts assigned to you?

Ms. Geneviève Bonin: All of the contracts awarded to McKinsey were done based on the competitive rules and procurement process of the Government of Canada.

Mrs. Stephanie Kusie: While employed with McKinsey & Company, did you ever have discussions in writing, in personal phone...or virtually with the staff of the Prime Minister's Office?

Ms. Geneviève Bonin: No, I did not.

Mrs. Stephanie Kusie: Did you ever have discussions with the chief of staff to the Prime Minister, Katie Telford?

Ms. Geneviève Bonin: No, I did not.

Mrs. Stephanie Kusie: In the internal audits conducted on the Government of Canada's contract with McKinsey & Company, there were many irregularities found in the procurement processes. In the contracts with the Department of National Defence, they found that there was no formal justification made for a sole-source contract, and payments were made even before work was completed. Why do you think so many irregularities with the procurement processes were found in contracts with McKinsey?

Ms. Geneviève Bonin: I saw the audit reports. Unfortunately, I no longer have access to any of those files, so it's hard for me to comment on that. All I can say is that McKinsey, in conducting work with the government, would have strictly abided by the requirements that were put in front of them by the government, whether it is a signature or anything else for that matter.

Mrs. Stephanie Kusie: Do you think that McKinsey gets special treatment with the Government of Canada contracts compared with other consulting firms?

Ms. Geneviève Bonin: No.

Mrs. Stephanie Kusie: All right.

While at McKinsey, did you do work for other defence departments around the world?

Ms. Geneviève Bonin: No, I did not.

Mrs. Stephanie Kusie: Do you have colleagues at McKinsey who worked on these contracts for the Department of National Defence as well as for other national defence departments of other countries?

Ms. Geneviève Bonin: To my knowledge, and again I don't have access to all of the files and am working from memory...only for allied nations if there was anybody who came to the table and advised the Department of National Defence....

Mrs. Stephanie Kusie: Okay.

We know that McKinsey has done work for China Communications Construction, which has militarized islands in the South China Sea, as well as Rostec, which has produced missiles for Russia. How does McKinsey ensure that information gained from these contracts with the Department of National Defence is not shared with other departments or agencies? Could you give us some insight into that process, please?

Ms. Geneviève Bonin: First and foremost, I should just emphasize the fact that my work was solely focused on working with the public sector here in Canada. Second, we would absolutely 100% abide by the policies, the rules, the guard-rails that are imposed by us in our contractual agreements with the Government of Canada.

• (1610)

Mrs. Stephanie Kusie: At the time of your departure, were there conversations with the government as to the potential for further contracts with McKinsey and the current government?

Ms. Geneviève Bonin: Further contracts...?

Mrs. Stephanie Kusie: Yes, that's right. In addition to the contracts you worked on, were there conversations about other potential contracts?

Ms. Geneviève Bonin: McKinsey was serving the Government of Canada before and after I left, so I am not aware of specific conversations, but I would assume that perhaps there was some work under way that was being fairly competed again.

Mrs. Stephanie Kusie: In your experience, is it normal for McKinsey staff to have high-level conversations with political staff?

Ms. Geneviève Bonin: During my time at McKinsey, no. I never had conversations directly with ministers or political staff. It is my knowledge that, for the work that I was involved in, those conversations did not occur.

Mrs. Stephanie Kusie: Who would give you the direction as to the scope of the projects that you were working on? Who were your liaisons within government?

Ms. Geneviève Bonin: We responded to open, transparent, competitive processes, as all other management consulting firms would and then—

Mrs. Stephanie Kusie: Who was it specifically? It's not clear to me who you were reporting to in the government.

Ms. Geneviève Bonin: For the competitive process, as this committee knows, there are postings and then we see—

Mrs. Stephanie Kusie: During the project itself, who was your touchpoint in the government?

Ms. Geneviève Bonin: Oh, sorry about that. My apologies. There would always be a lead who was responsible—

Mrs. Stephanie Kusie: Who was that lead in the government?

Ms. Geneviève Bonin: Well, it depends on the project.

Mrs. Stephanie Kusie: Can you give me an example of people you talked to as the lead?

The Chair: I'm afraid you're going to have to wait for your next round.

Mr. Housefather, go ahead for six minutes, please.

Mr. Anthony Housefather (Mount Royal, Lib.): Thank you very much, Mr. Chair, and thank you to the witnesses for being here.

Mr. Wernick, I'm going to turn to you first, if that's okay.

Given that we've been diverted from what was, I think, a very important study on outsourcing and where we could limit outsourcing to better make use of our public service to a study about McKinsey and allegations of political interference, which continue to be debunked, since you were the Clerk of the Privy Council at the time that the contracts with McKinsey increased, I'd like to ask you this, sir. In the 2017, 2018 and 2019 period, did you ever get political instruction to increase the amount of contracts with McKinsey?

Mr. Michael Wernick: I left government four years ago. In my position as clerk, I had no line of sight to contracting other than contracting that was done by the Privy Council Office, which I had to sign off on from time to time. We had some technology contracts to improve business processes and IT at Privy Council Office.

Contracts are let by any of the 300 federal organizations and the day-to-day supervision of them is usually done by middle managers like directors general, directors and assistant deputy ministers.

Mr. Anthony Housefather: As the person on the top of the organization, you would have some oversight responsibilities.

Did you ever receive any political instruction to divert contracts to McKinsey or to favour one company over another in any type of contract?

Mr. Michael Wernick: Management oversight in the public service comes from the Treasury Board of Canada Secretariat, so that would have been the line of sight into contracting policy and those sorts of areas.

No, I received no direction or discussion regarding contracting in my time as clerk or indeed as deputy minister.

Mr. Anthony Housefather: Do you have any reason to believe that any of the contracts that were issued to McKinsey or to other consulting firms such as Deloitte were done improperly in any way? Whether or not we think that the amounts are too high is a different question, but do you have any belief that there was anything improper in the process?

Mr. Michael Wernick: I have no reason to comment on anything that happened after April 2019.

Mr. Anthony Housefather: I'm talking about the period while you were there.

Mr. Michael Wernick: No, I have no reason to. Contracting was run by contracting officers and the administrative units of the various departments, including PCO.

Mr. Anthony Housefather: I understand that. Did you ever observe anything improper in terms of the contracting units while you were in your position?

Mr. Michael Wernick: No, of course not.

Mr. Anthony Housefather: Perfect.

Certainly, if you had, you would have taken action.

Mr. Michael Wernick: Of course.

Mr. Anthony Housefather: I'll move away from McKinsey, since, as I understand it, you have no specific knowledge that there was anything irregular with any of the contracts with McKinsey.

Can you talk to us about why somebody owning proprietary information may be a reason for sole-sourcing? That was the issue in a couple of McKinsey contracts.

• (1615)

Mr. Michael Wernick: Most management consultants are brought in in the area of management. A good chunk of that, as you heard, is in information management and information technology. But there are other areas, such as business processes, costing, risk management, and service issues like queue management, customer relationships, cybersecurity, protection of privacy. There are all kinds of management and delivery issues. It's quite possible that a firm, which could be very small or could be very large, would have developed processes or techniques that were proprietary. That wouldn't surprise me.

Mr. Anthony Housefather: Thank you.

You also had the opportunity to observe the integrity regime that was put in place. Do you have any recommendations related to the integrity regime as it is right now, or at least as it was when you left? I don't think it's markedly...while there have been a few changes. Can you give me an overview of what you think might need to be changed in the current integrity regime that disqualifies certain companies from doing business with Canada?

Mr. Michael Wernick: It's not an area of my expertise. I think you might want to talk to former secretaries of the Treasury Board. It's a combination of policy instruments. Transparency has always been the most important thing in Canada—so simply the existence of all the contracts, the proactive disclosure of every contract, which allows Canadians, parliamentarians, journalists and competi-

tors to provide feedback and call out anything they think is untoward. There are officers. There's a procurement ombudsperson who looks at the contracting process. All government contracting is subject to our trade agreements, NAFTA, CETA and TPP, and is watched like a hawk by our trading partners. There are international processes for challenging the awarding of contracts if they are seen to be in any way not fair to bidders, by other countries and so on.

There's a lot there already. I don't have any specific recommendations on how it could be tweaked or improved.

Mr. Anthony Housefather: Thank you, Mr. Chair.

How much time do I have left?

The Chair: You have 52 seconds.

Mr. Anthony Housefather: Okay.

Mr. Wernick, I have one last question.

In the contracting processes within the Government of Canada—and, again, I know this is not necessarily your number one area of expertise—in the way we go out to tender, the way we contract, there have been a lot of allegations that have come up. My observation has been that this is undertaken by people who are very serious professionals, with lots of experience in the matter, who really do their best. Has that generally been your viewpoint in watching how the contracting process in the government goes?

Mr. Michael Wernick: It's the public servants who are relevant here. There are people who work in contracting and procurement buying goods and services on behalf of Canadians certainly, and for the Government of Canada, and then there are people who are the project managers of whatever those goods and services are going to be used for, and both might get involved. It could be an IT renovation project. It could be a service delivery project. It could be any number of areas. Those are skill sets, they're professions, and that is why I talked about the need for more training.

The Chair: Wonderful.

Thank you, sir.

Thank you, Mr. Housefather.

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

[Translation]

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

Thank you for your service in the armed forces, Ms. Bonin. It must not have always been simple or easy to make your way there. I think you have had invaluable experiences that were certainly useful to you when it came to doing the study on sexual misconduct in the armed forces.

In your opinion, were there people within the Department of National Defence itself who were capable of conducting a study like the one McKinsey was retained to do?

Ms. Geneviève Bonin: In fact, in this case, the request was specifically to use outside resources. That is the reason the armed forces chose McKinsey.

Mrs. Julie Vignola: Is Justice Louise Arbour not also considered to be an outside source?

Ms. Geneviève Bonin: Yes. In fact, she said in her report that more exhaustive consultations had to be held and the armed forces should consider retaining the necessary resources to do that job.

Mrs. Julie Vignola: Do you think the fact that McKinsey did its study in about the same time as Ms. Arbour's amounts to a duplicate expenditure?

• (1620)

Ms. Geneviève Bonin: No, because the study done by Ms. Arbour and the work initiated by the Chief Professional Conduct and Culture group related to two different subjects.

The work had been started and the necessary structures put in place, but the department needed help to carry out more exhaustive consultations. The subject addressed by Ms. Arbour was different and involved making recommendations to the Minister of National Defence.

Mrs. Julie Vignola: Ms. Arbour was not gentle in her comments about McKinsey's results on the subject. How did you react when you learned about Ms. Arbour's comments concerning your work?

Ms. Geneviève Bonin: McKinsey's work is not finished. That work is just a small part of everything being done by the Chief Professional Conduct and Culture group. So I don't think Ms. Arbour was really in a position to form an opinion or have a position regarding McKinsey's work. It may be appropriate to have one later, but for now, the transformation and the work are still underway in conjunction with the leadership of the group, the Canadian Forces and the Department of National Defence.

Mrs. Julie Vignola: When Mr. Barton came here, he informed us that once McKinsey leaves an organization, it leaves behind the expertise needed to continue implanting the new culture, the new ways of thinking and acting. What have you done in this regard after submitting of your report to the Department of National Defence?

Ms. Geneviève Bonin: In fact, that is a very important and even crucial point, as I talked about in my opening statement. The goal is to provide our clients with very focused expertise and support them so they understand how to continue doing the work. In the case of cultural transformation, that is exactly what we have done. When we presented working sessions or consultation workshops, we were always accompanied by the members of the Canadian Armed Forces who would be responsible for continuing the work.

Mrs. Julie Vignola: Are the little sayings we often hear from women, like "boys will always be boys", still very commonly heard in the Canadian Armed Forces?

Ms. Geneviève Bonin: It is not really my role to talk to you about that. I have my personal experience, but for the purposes of

the committee's work, I would advise you to consult other sources instead, such as the outside reports that exist on the subject.

Mrs. Julie Vignola: Thank you.

When the Deputy Prime Minister and Minister of Finance presented her budget, she announced that the amounts allocated to consultants would be subject to draconian cuts in the next budget, but this would change absolutely nothing in the quality of the services offered to the public.

Do your contracts aim to improve the quality of services to the public? If so, how do you react to the fact that it has been announced that no more contracts will be awarded, but this will change absolutely nothing in the quality of services?

Ms. Geneviève Bonin: There will always be a need for management consultants. As we saw during the pandemic, a large number of them are needed. That may decrease; it will depend on the problems. At the moment, there are a war and a pandemic, for starters. I think it is very hard to know exactly how much will have to be spent for management consulting services. I hope this will not have consequences for services to Canadians.

[English]

The Chair: Thank you.

Go ahead, Mr. Johns.

Mr. Gord Johns (Courtenay—Alberni, NDP): First, thank you both for being here at the committee and for your service to Canada in your public life, working for Canada.

I'll start with you, Mr. Wernick, if I could. In your role as Clerk of the Privy Council, and head of the federal public service, was there ever a conversation between you and the Prime Minister, or between you and any minister about using third party contracting services to implement parts of the government's agenda?

• (1625)

Mr. Michael Wernick: There was no specific conversation. There's always a mix of public servants and outside services in just about every initiative by every government.

Mr. Gord Johns: Was there ever a conversation about the amount that departments were spending on third party contracts to implement promises made by the government?

Mr. Michael Wernick: No.

Mr. Gord Johns: Okay.

For example, in 2015-16, when you were the head of the Privy Council, about \$11 million was put out to Deloitte in outsourcing. That grew to \$38 million under your watch, and now it's at \$206 million. PricewaterhouseCoopers' group is now at \$102 million. KPMG is at \$45 million.

These numbers have gone up, in some cases, twentyfold and tenfold. Do you have concerns when you see these kinds of numbers growing in outsourcing?

Mr. Michael Wernick: I can't speak to anything that happened after April 2019.

I watched the debate and I think some of it is a false debate that suggests there's a teeter-totter where work would be done by the public service or consultants, as if it's a fixed pie. What I read into the numbers is there's more work to go around and that there is more activity and more projects at a faster pace.

The number of public servants has grown, which is a concern to some people, and the use of external contractors has grown, which is a concern to other people.

Mr. Gord Johns: You're not worried about the long-term capacity of—

Mr. Michael Wernick: I'm extremely concerned about the long-term capacity of the public service. That's what I'm working on and that's what I spoke about in my opening remarks.

Mr. Gord Johns: I'd like to hear a bit more about that, actually. If you have suggestions right now for the Government of Canada, I'd love to hear some thoughts on how we could proceed.

Mr. Michael Wernick: I would start with this: If you buy into the diagnostic that there's a growing dependency on consultants, then you should be investing in the training of public servants, especially middle and senior managers.

Just anecdotally, way back when I was an assistant deputy minister, I went to MIT. I took the four-day course on IT for non-IT managers. It helped me for quite a while. There are project management skills, risk management skills and all sorts of things.

I would...just as a benchmark, whatever that number is the government is spending on training and leadership development—the PBO could help you benchmark it—double it.

Mr. Gord Johns: Are you giving advice to any of these companies—McKinsey, Deloitte, PricewaterhouseCoopers, Accenture, KPMG, Ernst & Young, etc.?

Mr. Michael Wernick: No, I'm a teeny little competitor. I do a few projects for MNP, which is a western Canadian firm.

Mr. Gord Johns: Okay.

Do you have concerns when you hear that former cabinet ministers, like the Honourable Peter MacKay and the Honourable Pierre Pettigrew, are now working as senior advisers at Deloitte, and you see these skyrocketing contracts, given they were cabinet ministers?

Mr. Michael Wernick: Well, even former cabinet ministers may have some expertise to offer to current governments. That part doesn't trouble me. A lot of them are embedded in Canadian law firms and on retainers and so on.

If the implication is that it affects bidding and contracting, no, I do not have concerns.

Mr. Gord Johns: From an optics perspective for Canadians, obviously ministers have knowledge that certainly most members of Parliament wouldn't have, never mind the general public, in terms of access.

Do you have any concerns that they would be privy to knowledge that would help guide these consulting companies to accelerate their opportunities within government?

Mr. Michael Wernick: There are post-employment rules for former public office-holders—both former ministers and former public servants. There are periods in which they cannot be involved in their former responsibilities. There are lobbyist rules, lobbyist registration and there is an Ethics Commissioner.

Mr. Gord Johns: You can provide advice to a company indirectly, though.

Mr. Michael Wernick: I think former ministers and former public office-holders are always under the scrutiny of the Ethics Commissioner.

Mr. Gord Johns: Okay.

Do you believe the Government of Canada can achieve an ambitious public policy without having to rely on third party, for-profit companies? These are for-profit companies.

Mr. Michael Wernick: No. It's not possible that all of the skill sets and expertise the Government of Canada needs are already embedded in the public service. They have to come in from the practices of other governments, the private sector and the not-for-profit sector.

How else will they come into the public sector, if not through advisory companies?

• (1630)

Mr. Gord Johns: It's just seeing the amount of profits that are made, these are companies are obviously grounded in profits—exceptional profits in some cases.

Do you believe the Government of Canada could reduce these costs by providing more in-house services to save the taxpayers money?

Mr. Michael Wernick: As I said, I don't think it's a simple zero-sum.... There are certainly things that could be done in-house by public servants. Certainly managing outside suppliers more effectively is one of them.

There's no right mix. Right now, as a ballpark, the government spends something around \$50 billion on its public service and \$15 billion on contractors. That could be a little more or less on both sides. It's always going to be a mix and that's a judgment call that has to be exercised by governments.

Mr. Gord Johns: But it's shifting—

The Chair: I'm afraid that's your time, Mr. Johns.

Mrs. Kusie, you have five minutes, please.

Mrs. Stephanie Kusie: Thank you, Chair.

Madam Bonin, to go back to it, who were your contacts when you were working on the project?

You mentioned mostly the project within defence, but your title was social health care, public and education leader, which seems to me would go beyond the defence portfolio.

Who specifically were your contacts, then, with these projects within the government?

Ms. Geneviève Bonin: There's always the lead project authority, who is put in play. If I'm the leader on the engagement, I have to interact with this person the most often. The clients will also pull together a steering committee of public servants. There will be formal reporting to that committee to seek input on the progress of the work.

As the lead on engagement, these are mainly the people whom I would be personally interacting with.

Mrs. Stephanie Kusie: Have you ever communicated with a member of cabinet?

Ms. Geneviève Bonin: No. My only interaction with ministers or political staff was strictly in the context of my philanthropic work. It was never a one-on-one conversation, and it was not about the work of McKinsey or any other management consulting work that I've ever done.

Mrs. Stephanie Kusie: Who have you been in communication with regarding your philanthropy work?

Ms. Geneviève Bonin: I have not been in communication with them, but I have been at events where there were ministers and/or political staff. Again, in the context of those events, whether it was the True Patriot Love gala or something like that, I would have been there strictly just to greet them and to thank them for their support.

Mrs. Stephanie Kusie: Have you ever been at an event with Madam Telford?

Ms. Geneviève Bonin: I'm sorry. I didn't hear the question.

Mrs. Stephanie Kusie: Have you ever been at an event with Katie Telford?

Ms. Geneviève Bonin: No, not that I recall. I don't know her personally.

Mrs. Stephanie Kusie: Okay.

During your time in your role as social health care public and education leader, business with the current Government of Canada and McKinsey increased significantly. What do you attribute this to?

Ms. Geneviève Bonin: As I said in my opening remarks, when I joined the firm, McKinsey had already been serving the government at the federal and provincial level in other parts of the public sector, and it was done opportunistically. McKinsey thought that it would be a really good thing to serve the Government of Canada more fully and that it could benefit from certain expertise that McKinsey could bring to the table. I was the first partner to join the firm to be 100% focused on doing that.

If you combine that with the opposite end...changes have occurred over the last three or four years, namely a pandemic, a war and geopolitical instability. I think what you will see is that McKinsey's not an anomaly. The public sector had to lean in on various firms in order to either get specific expertise at a point in time or, in some cases, pure capacity.

What happened with McKinsey is not really unlike what happened with other firms.

Mrs. Stephanie Kusie: Okay.

To be clear, if we receive all of the unredacted documentation and we review all of the unredacted documentation, we will not see communications between you and ministers, and we will not see communications between you and the Prime Minister's staff.

Ms. Geneviève Bonin: There is no communication in my time and my work at McKinsey where you will see any communication with those two parties.

• (1635)

Mrs. Stephanie Kusie: Okay.

In your experience, has McKinsey ever provided recommendations that were considered by cabinet?

Ms. Geneviève Bonin: In my work at McKinsey, we made recommendations to the public servants whom we were making those recommendations with. They were not public policy recommendations, because it is strictly not the role of consultants to make them. The public servants were the ones who were to present those to cabinet, in whatever shape, form or package.

We did the assessment and we did the work; it was the public servants who did so.

Mrs. Stephanie Kusie: My final question would be whether recommendations from your firm to cabinet through these other intermediary levels provided advice on what to do, and did not just suggest how they do it.

Ms. Geneviève Bonin: No. The work that a management consulting firm will do is assess a situation and come up with an observation that then gets turned into a recommendation by the public servant. It's strictly not the management consulting firm's role to do so.

The Chair: Thank you. That is our time.

Mrs. Stephanie Kusie: Thank you.

The Chair: We'll go to Ms. Thompson for five minutes, please.

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

Welcome, to the witnesses.

Could I begin with you please, Mr. Wernick?

Ensuring proper information management is essential to the efficient access of information systems. Do you believe that improving the training on and digitizing the storage of contract information for DND contracts will improve the existing disclosure structure?

Mr. Michael Wernick: It's necessary, but far from sufficient to improve the ATIP process.

I was at another parliamentary committee in December that's studying the access to information process and I made specific recommendations to that committee as well.

Ms. Joanne Thompson: Thank you.

What kind of expertise does outsourcing let the government access, that it doesn't have in-house?

I know you referenced this before, but it's for the record.

Mr. Michael Wernick: I was a deputy minister for 17 years. I never saw management consulting firms get involved in policy development—ever. It's just not their wheelhouse. At least it wasn't, up to the point at which I left government. That's my experience.

Where they have been helpful to government departments and agencies is in management and service delivery. They have global client bases and international rosters of expertise or they're small firms with niche expertise, so they tend to get involved to provide an outside perspective on business processes, governance, organizational maturity, costing and risk management. There is a lot on service issues, queue management, customer relationships, web and app design, security and cybersecurity. I could go on, but basically the wheelhouse is services and management issues. That's where you see most of the activity of the firm.

If I've read the articles properly, about a third of the use of external contractors is in the world of IM and IT, which, as you know, has completely changed. There was no iPhone in 2007, so government has been catching up and keeping up with technology.

You're aware of a discussion that's under way right now about GPT and artificial intelligence. Keeping up with what's happening in technology is one of the bigger challenges for the public sector.

Ms. Joanne Thompson: Thank you.

The audit and the procurement ombudsman recommended that due diligence be strengthened, which the department agreed to.

Do you believe that this will rectify future compliance issues in the administrative process?

Mr. Michael Wernick: I don't think I'm qualified to have an opinion on that. You might want to talk to one of the secretaries of the Treasury Board who's more involved in the nuts and bolts of procurement and contracting.

You can always invest more in due diligence, hindsight and after-action review. We have about 14 officers and agents of Parliament that employing over 2,000 people to look at what has been done.

My plea is to invest in thinking about the future as well.

Ms. Joanne Thompson: Thank you.

Ms. Bonin, I'll just move to you for a couple of very quick questions.

Did McKinsey compete to provide the best service in order to win the contracts? If so, isn't this how the free market is intended to work?

Ms. Geneviève Bonin: In the work that I was involved in at McKinsey, the work was all fairly competed. McKinsey ended up being the selected option based on a thorough set of processes that the Government of Canada imposes on us in order to get to that selection.

• (1640)

Ms. Joanne Thompson: Thank you.

I'll try to get this one in quickly.

For the record, how would you characterize McKinsey's relationship with the federal government?

Ms. Geneviève Bonin: In the work that I was involved in, we had a great, healthy, respectful relationship with our clients. Our primary purpose was to serve them in order to offer better services to Canadians.

Ms. Joanne Thompson: Thank you.

How much time do I have, Mr. Chair?

The Chair: You have 50 seconds.

Ms. Joanne Thompson: I'll go back to you, Mr. Wernick.

Very quickly—again this is for the record—did you provide advice to ministers concerning contracts to McKinsey? This is, obviously, when you were with the government.

Mr. Michael Wernick: No, never.

Ms. Joanne Thompson: Thank you.

To your knowledge, has McKinsey made recommendations to the federal government that were considered at cabinet? If so, what were they?

Mr. Michael Wernick: It didn't, to my knowledge.

It's hard to know where the inputs of advice end up. Nothing really comes to cabinet as a recommendation that isn't a signed recommendation from one of the members of cabinet as a memorandum to cabinet. There are lots of inputs, including stakeholders, consultations—all kinds of ways.

At the end of the day, it is the minister that signs the recommendation to cabinet who's accountable for the advice and recommendations to their colleagues.

The Chair: Thanks. That is our time.

Welcome, Ms. Sinclair-Desgagné, my colleague from public accounts.

You have a short two and a half minutes.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné (Terrebonne, BQ): Thank you, Mr. Chair.

Good afternoon to our witnesses. I am replacing a colleague, but I am a bit familiar with the subject of consulting, having also made part of my career in that field.

My first question, and I am happy to finally have the opportunity to ask it, is for you, Ms. Bonin. Would you agree that there is a certain conflict of interest between the desire to transfer one's expertise, during a mission or in connection with a contract with the government, and the need to renew the contract and offer more expertise afterward? Do you recognize that there actually is a certain conflict of interest?

Ms. Geneviève Bonin: I can imagine that it may look like conflicts of interest, but I can assure you that the consultants' goal is not to renew a contract without this transfer of expertise taking place. I mentioned that in my remarks. In most cases, our clients are not going to renew their contracts with us when it is very obvious that we are no longer providing added value, since all consulting work is based on that added value.

Ms. Nathalie Sinclair-Desgagné: Absolutely, but the added value is not necessarily the transfer of expertise. You provide added value when expertise is lacking internally.

Ms. Geneviève Bonin: Yes. The added value is when we are able to solve a very complex problem that could probably not have been solved by the public sector. However, we do not just solve that problem: we also transfer knowledge in order to free ourselves up, to not be held back, and to enable us to focus on the next complex problem.

Ms. Nathalie Sinclair-Desgagné: In that case, how do you explain the fact that there has been an increase in requests for consulting contracts? If this transfer of expertise takes place, the result should not be an increase in requests, ordinarily.

Ms. Geneviève Bonin: As I explained, we have to recognize that of the three...

[*English*]

The Chair: I'm afraid I have to interrupt you there. I know you have a flight to catch, and that's our two and half minutes.

Mr. Johns, please.

Mr. Gord Johns: Thanks.

I'm just going to continue on that because I think there are some really important questions around that.

Maybe you can help us, Ms. Bonin, in terms of the shifts that you're seeing in management consulting. Obviously, with these numbers growing, these consulting companies are building infrastructure to respond to the demand. To go from \$11 million with Deloitte to \$206 million is a twentyfold increase. To scale up is just significantly.... It's a big task for even a consulting firm.

Can you speak about what you're seeing in terms of the changing consulting world to respond to government need? Also, again, let's go back to the transfer of knowledge because if the transfer of knowledge is happening, why are they still employing these large consulting firms?

• (1645)

Ms. Geneviève Bonin: I'm afraid I'm not in a position to talk about all of the firms in the industry. It is not my area of expertise. What I can go back to is that we've seen unprecedented needs for management consulting in the last three or four years. Because of this, the consulting industry has done an amazing job of responding to be able to either provide those capabilities or the extra.... I will call it the surge capacity. Will it continue this way?

Mr. Gord Johns: Okay.

Mr. Wernick, maybe you can speak to it because you're in the know of seeing how this is also playing out. This is exponential growth that we're seeing here. What is the solution to this?

I understand that we need management consulting companies, but this kind of growth is deeply concerning, I think, for everybody. I guess my bigger concern is that we have public servants right now who are struggling to pay their....with the wages they are paid. Obviously, they are out fighting for a fair deal. Then we have the CEOs of these big companies making millions of dollars in profits at the same time.

Maybe you can speak about that because that's concerning for most Canadians, I think.

Mr. Michael Wernick: Yes.

Mr. Gord Johns: I would see that as an economic [*Inaudible—Editor*].

The Chair: You'll have to put that in a 25-second answer, I'm afraid.

Mr. Michael Wernick: It's difficult to measure because my anecdotal understanding is that a lot of boutique consulting firms have been absorbed by the bigger ones, kind of like what happened with law firms. Therefore, it may be difficult to sort of measure from time to time.

I think what's happened is a growth in both the amount or volume of work and the pace of work. If people want to use fewer consultants, then they have to slow down and be clear on what they are willing to do less of.

Mr. Gord Johns: Thank you.

The Chair: Thank you very much.

Ms. Bonin, I understand you have a flight to catch. We have two more five-minute sessions. I'm not sure if you can stay for 10 minutes, or do you need to leave right now?

Ms. Geneviève Bonin: I can take another one, Mr. Chair.

The Chair: Perfect. Thank you very much. We'll have you speak for another five minutes, and then we'll say goodbye.

Mrs. Block.

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

While I'm happy to hear that Ms. Bonin is willing to stay, my questions are actually for Mr. Wernick.

The Chair: Why don't we excuse Ms. Bonin, then, and we'll start your time again in a moment.

Ms. Bonin, thanks very much for joining us.

We'll start your five minutes again, Mrs. Block.

Mr. Majid Jowhari (Richmond Hill, Lib.): Kelly, do you want to trade with me?

Mrs. Kelly Block: Well, we can if you want.

Mrs. Kelly Block: Thank you, again, Mr. Chair.

Thank you for being here, Mr. Wernick.

The increase in external contracts began on the heels of the Liberal Party's forming government, as my colleague, Mr. Johns, has pointed out. In your role as the Clerk of the Privy Council, were you aware of the increase in external contracts?

Mr. Michael Wernick: I had a general view of what was happening in government because there's something called GC InfoBase—which I recommend to you—which shows the costs of government. I was not day-to-day manager of the public service; that's the secretary of the Treasury Board. I had a general awareness, but my role as cabinet secretary was really to get things through cabinet and to get initiatives launched and implemented.

Mrs. Kelly Block: In your opening comments, you mentioned the need to ensure an effective public service. We need to protect training and leadership budgets. As the head of the public service, would you have held that view when you were the Clerk of the Privy Council?

Mr. Michael Wernick: Yes. I was appointed in 2016, and one of the first things I went to the Prime Minister with was restoring the leadership programs from the Canada School of Public Service, which had been terminated under the previous government in one of the spending reviews.

The 2012 spending review and deficit reduction action plan actually really did a lot of damage to training and leadership programs in the public service. It was one of my priorities—with my colleague, the secretary of the Treasury Board—to restore those programs.

Mrs. Kelly Block: In the article that you wrote dated February 7, 2023, you observed a couple of things that I'm going to touch on. The first would be the following:

I worked with several ministers who were highly skeptical of public service advice and insisted on running the issue by an outside firm with a big reputation before taking a decision. During spending reviews, ministers reflexively turn to outside advisers....

Can you share with us, perhaps, any advice that you would have given to those ministers or any concerns that you would have had about that view of the public service?

• (1650)

Mr. Michael Wernick: No, to be clear, I think it's perfectly reasonable and understandable that ministers want to have an outside perspective. If somebody comes to you and says, "We're going to buy 88 fighter jets, and this is what it's going to cost," the Treasury Board ministers would like to have some outside validation of the ship design, the procurement process, or the costing and so on. Particularly with regard to costing, ministers want to see outside advice.

I had a number of discussions with the President of the Treasury Board at the time about how Shared Services Canada was doing, and I advocated for more investment in training, IT, and the needs around cybersecurity and so on. All that is to say that it's important to reinvest and recapitalize the capabilities of the public service.

Mrs. Kelly Block: Thank you.

I think we've all been incredibly concerned with what may be perceived or may be true about the lack of capacity building within the public service, as well as, perhaps, the ownership of the developed product when you procure the services of an external consul-

tant. I also want to quote something from your article, where you state, "Nor is it true that private firms always do good work—as we saw with the Phoenix pay system and with some apps, such as ArriveCAN".

I think one of the concerns that has been raised during this study is the lack of transparency and accountability that can arise when you are procuring the services of external consultants and those external consultants then subcontract. We don't have eyes on those contracts and are told we can't have access to that information. Can you comment on that, please?

Mr. Michael Wernick: I think you can make recommendations. You should talk to the contract management people at the Treasury Board if you want to go into that in more detail. As I said, transparency about what's out there for tender is important. The proactive disclosure of all government contracts, which has happened for many years, is really important. There is an Auditor General. There is internal audit. There is a procurement ombudsperson. If the oversight and feedback can be improved, you should make recommendations in that area.

Mrs. Kelly Block: Thank you.

The Chair: Mr. Kusmierczyk, please.

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

Thank you, Mr. Wernick—and also thanks to Ms. Bonin—for your tremendous public service to Canada, our country, and for your exceptional work.

I want to say, Mr. Wernick, that I do have a copy of *Governing Canada*. I'm about three-quarters done. Thank you so much for writing that guidebook. Especially for new people who arrive on the Hill, that really is an excellent source of guidance. My only gripe with it is that it has a very small section on parliamentary secretaries, which I'm hoping the next edition rectifies.

This is the eleventh meeting that we've had studying McKinsey. It reminds me of the movies *Ishtar* and *Green Lantern* because there's a tremendous cast of characters—star-studded—and a lot of fanfare and anticipation about what this study is going to yield, what entertainment and what value it will provide. However, all it has done is lead us to a collective, profound yawn. There really haven't been any major insights or enlightenment from these eleven meetings. We've learned a lot about outsourcing. We have an outsourcing study that's on the books. It's too bad we couldn't simply continue with that. However, it is what it is.

Mr. Wernick, could you pick up the thread of some of the conversations about the public sector and the public service and the tremendous work our public servants do here in Canada and how we can help them out? You mentioned in one of your articles, dated this year, the following:

To improve the way the public sector works, governments should always invest in ways to bring in fresher and more objective perspectives and advice, challenge incrementalism and orthodoxy and help the public service craft implementable options for governments to consider.

Is it fair to say that bringing in consultants with experience working in the public sector and having best practices from around the world is one tool in the tool box in order to be able to achieve what you described in this quote?

• (1655)

Mr. Michael Wernick: I think the public sector, writ large—federal, provincial and municipal—always needs new ideas and innovation. It is subject to incrementalism and risk aversion, and there is a risk of a mindset of “well, this is the way we've always done things”.

If you want to bring in fresh perspectives, I do think there are a number of ways to do that. Think tanks, foundations, and so on and engagement with Canadians are important. Advisory firms can play a role in that. If they've done work in that area with another government or with the private sector, then they could be a useful source. They don't always do great work, but at their best, they give public servants new ideas, new tools, new ways of thinking about things, and new skill sets.

Mr. Irek Kusmierczyk: You reminded us, as well, in one of your articles that about one in five Canadians work for the public sector. It's the largest employer in Canada. You also reminded us that there are public servants not just at the federal level but also at the provincial level and the municipal level.

Are there avenues for the exchange of best practices between federal public servants and their provincial and municipal counterparts? Does that happen?

Mr. Michael Wernick: Yes. I used to have conversations with provincial cabinet secretaries on a fairly regular basis—not as much as I'd like to in their other forums. There are groups—

Mr. Irek Kusmierczyk: Not on policy issues, but—

Mr. Michael Wernick: No, on management. That tended to be what we would actually get together on because we didn't want to argue about climate change or some other issue.

That's why I think bodies like the Institute of Public Administration of Canada and Public Policy Forum provide a really valuable place for people who work at different levels of government to come together to share ideas and to learn from each other.

One of my specific recommendations in the Globe and Mail article is to invest in that supply chain. We need a more robust supply chain.

Mr. Irek Kusmierczyk: Do we create enough space in the public sector for grassroots, bottom-up innovation, design-thinking innovation?

Mr. Michael Wernick: There has been a lot of work on that. I can only speak to it up to 2019, but we had an incubator within the Privy Council Office that was specifically designed to go out there and look for leading edge practices in behavioural economics and different approaches. The Treasury Board Secretariat sponsored an innovation fair at least once a year, which allowed public servants to come and pitch.... It was a sort of *Dragon's Den* approach to generating ideas.

You'd better put that to my successors or to the secretary of the Treasury Board. Public services always try to look ahead and devel-

op innovations. My general argument is that we don't do nearly enough of that.

Mr. Irek Kusmierczyk: Thank you.

How much time do I have, Mr. Chair?

The Chair: You have minus three seconds. You're in debt, like the government.

We'll go to Ms. Sinclair-Desgagné, please.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Thank you, Mr. Chair.

Mr. Wernick, I believe you were the clerk of the Privy Council until 2019. Is that correct?

Mr. Michael Wernick: That is correct.

Ms. Nathalie Sinclair-Desgagné: You now offer consulting services through your firm, Kanada Advisory Services.

Mr. Michael Wernick: No.

Ms. Nathalie Sinclair-Desgagné: That is not correct?

Mr. Michael Wernick: I'm sorry, I misheard.

Ms. Nathalie Sinclair-Desgagné: Do you offer consulting services through your firm?

Mr. Michael Wernick: I'm sorry. Yes, I have my own consulting firm. I have had a few small contracts since I left the government.

Ms. Nathalie Sinclair-Desgagné: Okay.

Is it your opinion, as certain witnesses have in fact said, that the federal public service is archaic, at least in certain regards?

Mr. Michael Wernick: It consists of over 300 organizations. Some are excellent and very modern and some are a bit outdated and have problems, like the armed forces.

Ms. Nathalie Sinclair-Desgagné: Could you give me some examples of cases where the public service is archaic?

Mr. Michael Wernick: I left the government in 2019. I wasn't there for the pandemic. Based on my experience as an individual, the public service, whether federal, provincial or municipal, served Canadians very well during the pandemic. That is the best evidence.

Ms. Nathalie Sinclair-Desgagné: So we are being well served, in spite of the flaws we know about. I don't know whether the people who waited 48 hours in the rain for their passports would agree with you.

• (1700)

Mr. Michael Wernick: We can't generalize based on one service provided by the government.

Ms. Nathalie Sinclair-Desgagné: That is why I am asking you for concrete examples.

Mr. Michael Wernick: The attention paid by the media and politicians to mistakes and problems is entirely understandable. However, there are many other services that are working very well, but that is not likely to interest the media.

Ms. Nathalie Sinclair-Desgagné: When the government awards billions of dollars over several years to consulting firms just to get an outside viewpoint, does that not seem like a pretext to you? If the government is working so well, does spending several billion dollars to get an outside viewpoint not seem excessive to you?

Mr. Michael Wernick: No. I think that what has changed recently is the accelerated speed of change, particularly in the field of technologies. There were no iPhones 20 years ago. Canadians now expect instantaneous services. Everything has to be very precise and accessible by smartphone. All sorts of modernizations are needed in services to Canadians.

Ms. Nathalie Sinclair-Desgagné: But you just said those services are not archaic.

[*English*]

The Chair: I'm afraid that is our time.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: The witness is contradicting himself.

[*English*]

The Chair: Colleagues, I mixed up our order. I apologize. I was supposed to go to Ms. Kusie, and I went over to the Bloc.

I'll finish with the NDP, and then we'll have the last two Liberal rounds. I apologize.

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

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

Mr. Wernick, you talked about the deficit reduction plan under the Conservative government and the cuts, which were pretty severe. Obviously, we saw outsourcing with Phoenix. We saw Veterans Affairs get cut by a third.

Would you believe that a lot of the outsourcing was a result of the deep cuts to the public service? We saw outsourcing double under the Conservative government, and it's gone up fourfold under this government right now.

Mr. Michael Wernick: On a more general point, I was in management after the program review of the Chrétien government and Mr. Martin's program review, and I was in government after the deficit reduction action plan. Those were totally reasonable decisions for a democratically elected government to take. They're in charge of fiscal policy.

My point that I'm trying to get across is that often, when there's a reduction in operating budgets, one of the first things that gets cut is training.

Mr. Gord Johns: Sure, and knowledge, also, in the public service then evaporates.

In terms of the advice that you.... Cabinet ministers were given advice, and they decided that they wanted to go with outside consultants. From the public servants.... Do you see that as damaging morale and also, potentially, as an exit of some of the senior policy-makers within the public service?

Mr. Michael Wernick: No. This would have been in the management areas, often on costing. I don't mean that they would have

directed, "Go and hire this consultant, or hire a consultant." I think a lot of things go through the Treasury Board process, which is the management board of Canada, and people often want to see, from all parties, some third party validation of the risks and costs of various approaches.

Mr. Gord Johns: I only have a few seconds left.

I really want to look at the broader issue of outsourcing, not just McKinsey. What are the best questions that you think we could be asking the witnesses who come before us as we look at all of the big outsourcing companies that would improve public spending in terms of the public service and looking at this issue?

Mr. Michael Wernick: I kind of look at it from the other end of the relationship. I don't really have a lot of direct expertise in contracting, procurement and follow-up. I think you should continue to pursue that if it's interesting to you.

I do recommend that you should do a follow-up study on the capacity of the public service and try to get a handle on how much the government—any government—is investing in training and leadership development. I'm very concerned that the arithmetic of the last budget does not add up. You cannot cut consultants by that much and not have it affect services unless there's at least an offsetting investment in training.

The Chair: I'm afraid I have to interrupt.

The time is up, and bells are ringing, colleagues. We have the 30-minute bells.

Can we seek consent to do the last couple of rounds with Mr. Wernick before we let him go? Is that fine, colleagues?

Some hon. members: Agreed.

The Chair: Great.

Mrs. Kusie, you're up.

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

Mr. Wernick, I want express my opposition to your comment about the deficit reduction action plan and the impact this has had on the public service. The deficit reduction action plan had two scenarios: one of 5% and one of 10%. That would imply that it is, in fact, funding that resulted in the regression of the public service. However, in fact, if we look at the situation we are in today, with a 53% increase in our bureaucracy, there are poor public services. Immigration backlogs are significant. Passports are unavailable for those who wish to travel, and obviously, there is the inability of the current government to negotiate a strike.

I definitely do not think that a lack of money or funding is at the heart of the problems of the public service. The situation that we find ourselves in today reflects that perfectly and evidently. I, myself, was affected by the DRAP. I was the consul to the mission in Dallas, Texas, at the time, and I, too, had to come up with 5% and 10% scenarios. I do not correlate the deficit reduction action plan to the position that the public service is in today.

With that, Mr. Chair, I'm going to pass my time over to Mr. Barrett.

Thank you.

• (1705)

Mr. Michael Barrett (Leeds—Grenville—Thousand Islands and Rideau Lakes, CPC): Thanks, Mr. Chair, if I may proceed.

The Chair: Please, go ahead.

Mr. Michael Barrett: Thank you.

Mr. Chair, if I may—

The Chair: Please go ahead.

Mr. Michael Barrett: With just a couple of minutes left, and noting that we do have bells ringing, if we have another opportunity to come around, I have some questions for you, Mr. Wernick. Thank you for joining us today.

Colleagues, in advance of today's meeting, I did advise you that I would move the notice of motion I gave on Wednesday, April 19. That's been provided to the clerk. It's available in both official languages. It was circulated to all members. I'll read it, just for context of people who are following.

That the committee:

- a) Invite the deputy heads from the following entities in relation to the redactions and improper translation of documents requested by the committee on January 18, 2023: Atomic Energy of Canada Limited; Business Development Bank of Canada; Canada Border Services Agency; Canada Development Investment Corporation; Canada Post; Canada Pension Plan Investment Board; Department of Finance Canada; Employment and Social Development Canada; Export Development Canada; Immigration, Refugees and Citizenship Canada; Innovation, Science and Economic Development Canada; National Defence; Natural Resources Canada; Office of the Veterans Ombud (Veterans Affairs Canada); Privy Council Office; Public Sector Pension Investment Board; and TransMountain Corporation;
- b) Invite the Office of the Law Clerk to brief the committee, in public, on the extent of the committee's powers to call for documents;
- c) Instruct the Chair to send a letter to each of the entities listed in section a) of this motion to inform them that the committee is currently considering referring this issue to the House of Commons as a possible breach of parliamentary privilege.

Chair, we are at about three minutes and 15 seconds into this questioning round, so I don't want to delay other members' questions.

Just by way of context, this motion comes from the discussions that were had over the course of two meetings with respect to requests made by the parties at the table. I hope this satisfies those requests. I seek all members' support and ask that, if there are no questions, we put it to a vote.

The Chair: I believe Mr. Jowhari has a quick comment. Then I think we can move to a vote.

Mr. Majid Jowhari: Thank you, Mr. Chair.

Thank you, MP Barrett. We are in support.

Can I just ask for a clarification? How many meetings do you have in mind, and how do you see calling the witnesses impacting specifically Bill C-290 and some of the other work we are doing?

Mr. Michael Barrett: Just quickly, Mr. Chair, my thought was that we would ask the chair to see what resources are available so that the committee can continue its other business uninterrupted by this. I would hope we could resolve this over a couple of meetings. This is not a comprehensive study. This is in support of the ongoing

work of the committee, so it shouldn't interfere with the committee's other business.

That's what I had in mind, in answer to his question, Mr. Chair.

Mr. Majid Jowhari: Yes, we definitely support having two meetings and then leaving it in your capable hands to manage while we give priority to the other ones. We are ready to vote.

• (1710)

The Chair: Mr. Kusmierczyk, go ahead.

Mr. Irek Kusmierczyk: Thank you.

I just want to take a quick second and say thank you to my colleague across the table. All of us were convinced that we could find the common ground, that common ground did exist and that we were all united in that pursuit. I just want to thank MP Barrett for his work in crafting a motion that, really, reflects all of our voices and concerns. I just want to say kudos and give credit where credit is due. Thank you for that. I appreciate it.

The Chair: Mr. Clerk, go ahead, please.

(Motion agreed to: yeas 10; nays 0)

The Chair: Colleagues, thank you very much.

I understand that Mr. Jowhari has a couple of minutes, and then I have just one quick question. Then we'll adjourn and go vote.

Mr. Majid Jowhari: Thank you, Chair.

Once again, thank you, Mr. Wernick, for your service over so many years.

We've heard consistently that management consulting firms were brought in for different areas. Their focus was on benchmarking and helping different departments with getting data on best practices based on the mandate that was given to those departments.

Also, in your opening remarks, and a number of times after that, you specifically talked about training public servants on leadership as well as other areas. You talked about the training courses you took as the Clerk of the Privy Council to ensure not only that you understood project management but you understood its activity.

Can you expand on what type of training for public services you would recommend so we reduce our dependency on consultants? It's more of how and when we need them, rather than needing them on a regular basis.

The Chair: I'm sorry, Mr. Wernick, but I'm going to interrupt. One of my questions is a similar one.

If you can be relatively brief, then perhaps we'll ask if you can provide a longer response in writing. I'm going to ask for a response in writing as well, because of the lack of time.

Please go ahead.

Mr. Michael Wernick: The IT course I took was about 20 years ago, when I was a middle manager.

If you want to make the best use of external contractors, I think it's in the middle-management categories. It's project management, costing, risk management and a lot of these areas of expertise.

In the specific field of information technology, I think the newest developments are always going to come from outside, from the private sector. You will need somebody to bring that expertise and ask how they apply this to service delivery or internal processes within the public service.

I do think that the leadership programs are crucial. It's the middle and senior managers who actually steer and lead the organizations.

I think that the termination of the two big executive leadership programs in 2012 was a mistake and needed to be reversed. I'm not saying that the budget from 12 budgets ago explains what's happening 12 years later, but it's a very good example of how one of the first things to go is training and leadership development. I hope we won't repeat that now.

Mr. Majid Jowhari: Thank you. I have one more quick question.

We saw highlighted, especially after 2019, with COVID and the number of challenges and gaps, that there was need for us to go out and quickly get a response.

The fact is that the costs of the consulting increased. Do you attribute that to the opportunity that it presented us during COVID and the aggressive mandate that the government had?

I know you haven't been in that position since 2019, but as an outside observer, what are your thoughts?

Thank you. That was my last question.

• (1715)

Mr. Michael Wernick: Well, I mean it's clear that all kinds of government services—federal, provincial and municipal—had to adapt to the pandemic new methods of service delivery and working with a distributed workforce. When everybody is sent home, then how do you do the internal functions of government? Everybody had to learn very, very quickly. There are probably some very good lessons from that which can be applied to the new normal after the pandemic, for sure.

That's the whole point. The metaphor I like to use is that the public sector should have learning software. It should always be looking forward, looking for new ideas, learning from its mistakes and adapting.

I have to warn against generalizing. There's something called the "fallacy of composition", which says that if it's true of one thing then it must be true of the whole thing. That's not the way that the public service works. It's over 300 different organizations. Some have problems, some have issues; that does not mean that the whole thing is broken.

Mr. Majid Jowhari: Thank you.

The Chair: Thank you, Mr. Jowhari.

Mr. Wernick, thanks for your time.

I just want to ask a couple of quick questions. The first one, if you could be kind enough to provide a response to us in writing or write another book on it, is regarding procurement. Canada obviously has an issue with defence procurement. One issue we have is that someone who is a deputy minister in Immigration today might transfer over to Defence the next day, and they're told, "Hey, guess what, you're buying F-35s." We don't have the longevity in positions or the scale that perhaps England or the U.S. does. I'd certainly love to hear from you on training issues or how we can build up a proper defence procurement staff.

But I want to get back to something that might be a bit more anecdotal. A couple of years ago I "Order Papered" all of the contracts for the outside consultants—many hundreds of pages. I went through and picked out individual ones on everything from auditing the strawberry festival to doing random RFP fairness checks repeatedly on the same RFP. I looked at that example and then I looked at the Nuctech. We studied Nuctech in this committee. It was about giving a contract or a standing offer to a Chinese security company to provide scanners for our embassies, and the government stepped back from that. It was great, but they said, "Well, we'll investigate how it happened" and they went to my favourite, Deloitte, and gave them a quarter of a million dollars for a report that basically said don't buy sensitive security equipment from despotic regimes.

For fun, I went to West Edmonton Mall and filmed a video asking random people if they would buy security equipment from despotic regimes. Everyone said no. Why did we pay a quarter of a million?

You talked about generalizing and, yes, these consultants have a lot of experience that isn't available in the public service, but how do we get past these kinds of contracts, the government sending out almost CYA contracts. We have a public service to do fairness checks. Why do we need to subcontract that out? We have a public service to say don't buy such equipment—

We're getting rather short on time. I'm happy to have you come back. I'm happy to have you put it in writing to us, but if you are able to give a quick, one-minute comment, I'd appreciate that.

Mr. Michael Wernick: A lot would have to do with the volume of work that has to be done. There's a long history of how, when something happens, new rules are brought in, and more and more new rules keep being added and they are very rarely taken away. It's a big conversation, but procurement carries probably a dozen different policy objectives, from small business to regional...to supporting diversity, to value for money, and some of it is in very protected sectors.

You're looking at shipbuilding. You can buy from only three suppliers. That limits competition and has its issues. It's a very big topic.

I guess the only thing I would say is that from observation I don't know of another country or jurisdiction that thinks they got it right and that we could just copy. It's a very tough thing to balance industrial policy, value for money and the things that the armed forces and the Coast Guard are looking for.

The Chair: That's great.

Thank you again for your time.

Colleagues, unless there is anything else, we will adjourn and go to vote. We'll see everyone on Wednesday.

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

SPEAKER'S PERMISSION

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

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

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

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

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

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

PERMISSION DU PRÉSIDENT

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

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

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

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

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