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• (1105)

[English]

The Chair (Mr. Kelly McCauley (Edmonton West, CPC)): Good morning, everyone. I call this meeting to order. Welcome to meeting 133 of the House of Commons Standing Committee on Government Operations and Estimates, widely known, of course, as the mighty OGGO, the only committee that matters.

Before we start, I would just remind that you all keep your ear-pieces away from your microphones at all times to avoid feedback.

We're very pleased to welcome back to OGGO Professor Clarke and Mr. Boots.

We'll start with Professor Clarke with a five-minute opening statement and then we'll go to Mr. Boots.

The floor is yours, Ms. Clark. Welcome back. We're very pleased to have you back helping us.

Go ahead, please.

Dr. Amanda Clarke (Associate Professor, School of Public Policy and Administration, Carleton University, As an Individual): Thank you very much, Mr. Chair. It's a pleasure to be back speaking with the committee.

In 2022 our research team, which is based at Carleton University and includes both me and Mr. Boots, launched govcanadacontracts.ca, an open access research tool to help people more easily explore the Government of Canada's proactively disclosed data on federal contracting. That tool provides data on all federal contracts between 2017 and 2022, but our focus in the research paper and in the testimony that we'll give today is focusing on just the IT contracting piece specifically. I should note that the paper we're presenting and the findings are still under peer review, but we wanted to release it while that process was under way, given the urgency of the topic.

Knowing that effective IT procurement is not just key to the success of individual digital projects but is also essential to effective modern public administration more broadly, our goal with the research was to better diagnose the extent to which the Government of Canada adheres to widely accepted best practice in IT procurement. We suspected, given previous research and a fairly thick body of anecdotal evidence, that the federal government wasn't following the rules for good IT procurement, but we wanted to test that assumption with stronger data.

To do so, we turned to the proactive disclosure of contracts dataset that is published by the Government of Canada. A fair

amount of work went into cleaning those data. If you're interested in that, we outline how we did that on our website and also in the paper we're presenting.

To evaluate that data—in hand, cleaned and ready to go—we created a framework looking at international experience to outline a set of sort of rules for modern public sector IT contracting. Then we assessed the extent to which the Government of Canada follows those rules. What did we find? The main punchline is that the federal government breaks almost all globally accepted best practice for modern public sector IT procurement. I'll give a high-level summary here.

First, federal IT contracts are generally too big, in terms of both length and dollar value, to succeed. That conclusion rests on a strong body of evidence showing that for software projects in particular, contracts need to be small—to allow the project to adjust based on regular and early user feedback, to avoid pooling risk and dependencies in a small number of large contracts, to make it easy to dispense with vendors that are underperforming, and to open up competition to a broad range of vendors, not just those capable of bidding for and winning large contracts. Despite all the evidence that smaller contracts are far more likely to lead to project success, we find that the majority, 53%, of IT spending in the Government of Canada is allocated to contracts that break the threshold dollar value for likely project success. That's the first big finding.

The second big finding looks at the diversity of the number of vendors winning government contracts. We know from basic economics that the more competitive and pluralistic the market, the more likely you are to have success in buying. We looked at the supplier market. We identified a small number of prominent IT vendors where three vendors received over \$100 million in contracts annually, making up 23% of government IT contract spending. This is alongside a really long tail of thousands of smaller IT vendors and contractors. We note in the paper that one of the things we can't identify with the data we have is how many of those are pass-through vendors that you've been looking at in something like the ArriveCAN study.

Third, we looked to the importance of building in-house IT expertise, which is something the committee has heard several times. There are reasons that you want to build that in-house IT expertise. You can be a smart shopper. You can build in-house when it makes more sense to do so. You can kind of hold those contractors to account. We looked at the ratios for contractors to in-house staff in this part of the analysis and found that in some Government of Canada departments, the number of contracted IT workers greatly outnumbered in-house IT staff. There is nuance to explore in what that right ratio is, which I hope we can get into in our discussions.

Fourth, again breaching global best practice, in a frankly shocking betrayal of responsible stewardship of public funds, current government policies favour vendor ownership of intellectual property and data and do not prioritize adoption of open source solutions. This is despite strong evidence showing that open source generates more cost-effective, secure, publicly accountable and higher-quality digital services.

These policies on IP represent a clear recipe for ongoing lock in to vendors who produce custom software for government, reducing departments' abilities to share and reuse software, likely resulting in frequent cases in which the Government of Canada is paying for the same or comparable software multiple times over.

We conclude the paper with a series of policy recommendations, which are also detailed in a brief that we presented to the committee on an earlier occasion. We also note several limitations to our analysis, which we'd like to really get into today as well, resulting in large part from the limited data we have. For us, this is really an area that is ripe for immediate attention because, as the committee will know all too well, it's very difficult to get a clear picture of IT contracting patterns in Canada, so this research is one attempt to do that. We really look forward to discussing our research process, the findings and their implications with the committee.

- (1110)

The Chair: Thanks very much. I hope that, when the paper is published, we'll be able to have the two of you back to discuss it in length.

Mr. Boots, please, the floor is yours. Go ahead, sir.

Mr. Sean Boots (Former Federal Public Servant, As an Individual): Thanks so much, Mr. Chair.

Thanks to all of you for having me here. I think it's been about a year and a half since Professor Clarke and I were here. It's really kind of you all to invite us back to talk about the research. As Professor Clarke said, I think it dovetails well with a number of the studies this committee has undertaken—the ArriveCAN study, the McKinsey study, this study on the outsourcing of contracts. Such themes as the deskilling of public sector workers, especially IT staff, and the government's dependency on outsourcing and consultants all connect as a thread throughout each of these studies. I'm glad you're doing the work to examine this.

Professor Clarke and I have spoken here before. She gave a great overview of our research in her opening remarks. All the number crunching, if you want to go back and look at it, is on the govcanadacontracts.ca website, along with the guide to reforming IT

procurement that we spoke about on the previous occasion we were here.

The research paper that's just gone in for peer review is sort of the final stage of this research. You can read the preprint version on Professor Clarke's website. We'll definitely get the final version over your way once it's published. If the preprint version seems dense—classic academia—I'd say to skip to the charts. They're pretty eye-opening. On page 24 of the paper, you'll see who the biggest players are in the federal government IT space. On page 27, setting aside things like software licensing and computer devices and telephones, you'll see the big names in specifically IT consulting services year by year, which I think is of particular interest.

I think the main take-away is that situations like ArriveCAN aren't isolated cases. We're looking at systemic issues in how the federal public service conducts IT procurement work. Looking at the research landscape and other jurisdictions, it's clear just how much Canada has fallen behind its peers. The policy recommendations we put forward at the end of the paper aren't that earth-shattering. They're basically best practices that other governments around the world have been doing for years. The question is, why haven't we made any progress on them in the Canadian federal government?

There have been some baby steps over the past year or two. This committee's work probably helped move some of those forward. There's updated guidance on procurement that isn't bad, but it's very timid. There are new attestation requirements for business owners in Treasury Board policy that take effect in September, but ultimately, the interventions we've seen from the federal government over the past year, including this latest edition from September, amount to basically “follow the rules harder”. There's a great piece from Paul Craig, who's a government technologist, on his website, Federal Field Notes, that talks about why this isn't good enough.

Here's what we haven't seen. We haven't seen fundamental changes in process, regulatory or legislative changes around procurement or efforts to make procurement simpler and easier for small companies to be part of. "Follow the rules harder" isn't a viable strategy when part of the problem is that there are too many rules. This creates a lopsided environment where the only companies that can win government contracts are ones like GC Strategies but are also really large consulting firms that specialize in navigating complicated procurement processes and in building relationships with public sector IT executives. That's what they're good at and that's why they win contracts. They don't win because they're good at building technology products, which is probably why we often have so many IT failures.

On the other hand, from the public service side, if you're a senior IT manager or a senior public service leader, going to work for a large consulting firm or IT vendor is a frequent post-retirement career strategy. That's something referred to anecdotally quite a bit. It means that no one involved is incentivized to change the system.

Ultimately, what the IT procurement system does best is shovel taxpayer money towards large, established vendors and IT consulting firms. That's what the policy on title to intellectual property arising under Crown procurement contracts calls "economic growth and job creation", which is why vendors are supposed to own the IP for software that they create for the government. That is truly astonishing on multiple levels. Producing good software and effective government services is a secondary priority. That's a major problem. The effects of that show up years later in the frankly mediocre and unreliable government websites, software and services that we see across the federal public service today.

"Follow the rules harder" isn't going to work. What does it take instead? It takes a dramatic rethink of how procurement works, a dramatic rethink of how the public service handles tech talent and a dramatic rethink of governance processes, policies and oversight mechanisms. If you like, I can list off a whole series of examples of these in our discussion today.

Ultimately, though, I'm not confident that the federal public service is internally capable of the kinds of dramatic rethinks that are necessary. It's possible that an external independent review or some future royal commission on the public service could. If those bodies were to do their work well, most of their recommendations would involve getting rid of things—getting rid of processes, getting rid of rules and getting rid of all the barriers to doing good work in the public service, such as getting feedback, making sure you can get to decision-makers and actually learning and reacting and building things quickly enough for it to matter.

Within the federal public service, there are people doing tireless and inspiring work everywhere. I'm really grateful to have worked with many of them. They're held back by outdated processes, old technology and overly traditional ways of working.

• (1115)

Really, in the IT field especially, contractors and consultants don't face the same barriers, even though all those barriers are self-inflicted by the public service on its own staff.

It's easy to be a critic, especially now that I've left the federal public service and I work for a territorial jurisdiction, but ultimately what I want is for the federal public service to be excellent. It could be so much better, and Canadians in need depend on it.

I'm really happy to chat, and I'm looking forward to your questions.

Thank you so much.

The Chair: Great. Thanks, Mr. Boots, and we extend the same invitation to you. I hope we'll see you back once the paper is published. We'll have you both back, as well as the other two people from Carleton who assisted you on that. We look forward to it and sincerely appreciate you taking time to help out OGGO and Canadian taxpayers in the end.

We'll start with Mr. Brock for six minutes, please.

Go ahead, Mr. Brock.

Mr. Larry Brock (Brantford—Brant, CPC): Thank you, Chair.

I'd like to welcome both Professor Clarke and Mr. Boots to the government operations committee, also known as the mighty OGGO.

I'd like to frame my first round of questions to around two news articles I was able to research. One is from the National Post written by Christopher Nardi, which I understand resulted in an interview between Mr. Nardi and both you, Ms. Clarke, and Mr. Boots, as well as a Policy Options piece that both of you authored and was dated February 16, 2024.

I guess I'll start by making an obvious assumption that the ArriveCAN scam or debacle, however you want to frame it, certainly didn't come as a surprise to you, Professor Clarke, or to you, Mr. Boots.

Would that be a fair statement to make?

Dr. Amanda Clarke: Yeah, I think it was the premise of the Policy Options article that this is something that we should anticipate.

Mr. Larry Brock: Right, and we all know what the Auditor General had to say about the whole situation. It was a clear picture of mismanagement around the app. She's guessing at the cost of the app, which we believe to be just shy of \$60 million; it could be much higher, but we don't have the proper documentation. The departments were so rushed and hurried to put together the app that they did not retain proper documentation.

To you, professor, and to you, Mr. Boots, that brought to mind the challenges of improper documentation that you found in your 2022 research paper.

The first question I will put to you is based on the Policy Options piece, in which you wrote:

What should be done in response to the findings? A classic response from Ottawa to this kind of report would be to add more rules, more oversight mechanisms, and more internal processes to prevent more scandals. But following this age-old pattern will all but ensure that failures like ArriveCAN and its IT scandal predecessor Phoenix continue.

Can you elaborate on that for me, please?

Dr. Amanda Clarke: Yes, and this echoes a lot of what Mr. Boots offered in his opening remarks. There has been a tendency in the Government of Canada, I think historically, to layer on more rules and oversight to create new parliamentary officers, new external scrutineers when there's been some sort of scandal. While, of course, we're clearly not advocating for no rules and, in fact, the research in clean, high quality IT procurement focuses a lot on what the guardrails should be and on building a culture of responsible public service around that to avoid things like conflict of interest, for example, I think the habit we've had in Canadian public administration—layering on more rules as a way of ensuring accountability—has actually had this perverse effect of undermining accountability and seriously undermining the effectiveness of public servants.

There are tons of examples that you can find. A classic one that people loved to talk about, maybe 10 years ago, was that, when the federal government first started using social media, there were, in some cases, these 20-step approval processes to release a 140-character tweet. You can also look to the Federal Field Notes website written by Paul Craig, which Mr. Boots referenced, to find some great examples of this sort of internal administrative burden. In one case, the documentation required to publish a five-page website basically had more words than the entire edition of *The Great Gatsby*. We mire public servants in so many rules and compliance requirements, and the reporting burden—which is really well-documented, not just in IT but across the study of Canadian governance—that it has two effects that are relevant to this question of IT contracting.

One, it means that when it makes sense to build in-house and to try to adopt modern service design practices like user research or agile multidisciplinary teams, public servants actually can't do it. It's really difficult to do the right thing. We add so many rules that they can't be nimble enough. Streamlining those rules would, I think, create space for public servants to do some more of this work internally.

The second piece of it is that when you have those rules in place, it actually becomes difficult for vendors in some cases to work in modern ways with the federal public service because there are tight

rules around things like “project gating” or the way that money flows, and that's because they can't pull together a multidisciplinary team of internal public servants because HR rules don't allow it. That's why I think the focus of this latest spotlight on the problems of IT contracting should meaningfully lead to a reset of policy with a focus on enabling good public service and a focus on what matters, which is conflict of interest and the responsible bidding processes, not creating documentation burdens for public servants. That's not going to help. In fact, it will make it worse.

• (1120)

Mr. Larry Brock: Thank you for that thorough response.

Mr. Boots, do you have anything to add?

Mr. Sean Boots: To build on Professor Clarke's remarks, I think the pattern you see in a lot of public sector IT work is that if you imagine a large project that has 100 public servants working on it, 90 of them will be writing Word documents that are project management, oversight compliance reports, all sorts of things that are not actually building the software. If you have 100 people and only, maybe, five of them are actually writing software code, configuring systems, that's a really odd ratio that is very normal in public sector IT but just completely foreign if you work at Shopify, Google or another mature tech company. Trying to reduce those barriers that public servants face—oversight and compliance mechanisms that are really outdated—means that you spend less money having 90 people write meaningless Word documents and more people actually building software code.

One understated scandal of public sector IT is that it's very normal for the public service to undertake a \$100-million IT project that could have been done for \$10 million, or a \$30-million IT project that could have been done for \$2 million, and so there's this expectation that it's normal to have a \$50-million IT project to build an online forum or an interactive website that could be done for a fraction of the cost.

There's some really great writing from Waldo Jaquith, who's a technologist in the United States, about how software is so much cheaper—it's not free, but it's much cheaper than public sector organizations expect—but the tendency is to say, “Oh, yeah, this project is similar to this previous project our department did. The last one was \$50 million, so this one's probably \$50 million or \$60 million,” when a really strong team could build it for \$2 million. That's tricky to dig into because it all has to do with how public servants are doing the work of IT projects, how 90 out of 100 people are just writing Word documents instead of actually building.

The Chair: Mr. Boots, I'm afraid I have to interrupt you because we're past our time, but perhaps during Mr. Jowhari's round you can continue.

Go ahead, Mr. Jowhari.

Mr. Majid Jowhari (Richmond Hill, Lib.): Thank you, Mr. Chair.

Welcome back, Professor Clarke and Mr. Boots. It's good to have you here. Thank you for being open to sharing the paper you're preparing, which is under peer review, and thank you for acknowledging that.

Naturally, I am very interested because my background is in IT, in consulting and in delivering transformational large projects enabled by technology. I was very keen when I saw the report. I listened to your opening remarks. You focused on four key areas, and you opened up by talking about how government IT projects have been too big for too long, and you suggested they should be shorter and much smaller. Why is this the case, and what are the best practices?

• (1125)

Dr. Amanda Clarke: To understand, why is it the case that smaller is better, or why is it the case that they're so—

Mr. Majid Jowhari: Why is it the case with the Government of Canada? Have you looked into why the Government of Canada's projects are so big and take too long?

Dr. Amanda Clarke: Yes. That's such a good question.

One of the reasons public servants will often offer when explaining why contracts are so big—as Mr. Boots referred to—that there's a habituation to large-scale projects and a misperception, frankly, that we need to be spending in the tens or hundreds of millions of dollars. In some cases, I think, there are vendors that the federal government is used to turning to, and those vendors know that they can charge those amounts of money to deliver on these projects.

This gets to the question around what the rules are. Partially, the administrative burdens internally imposed on public servants to put up a request for proposals and to go through a contracting process are so high that you can be incentivized to go big because, “Well, we want to get as much money as we may need for this project, and we don't want to have to do it over and over again,” so reducing those internal burdens would be a really big driver of incentivizing smaller contracting.

Mr. Majid Jowhari: Yes, you talked about reducing those internal barriers.

Is it possible that they make the scope so big because the transformation that's needed is so big, after many decades of lack of investment, that the government is trying to move the needle so far to the other direction so that they believe this is a massive IT transformation they have to do? Therefore, if you're going to go...and you have only, for example, four years to do it, it's “Let's go big and complex, and let's get it done.” Is that a possibility?

Dr. Amanda Clarke: I think there's an intuition and a sense that it's the way to go, but the data are extremely strong, showing that software projects should really not exceed.... Well, the limits that we give in our paper, which borrows from the U.S.'s General Services Administration, the suggested rule is a maximum of \$2 million U.S. per year for no more than three years, and with no extensions beyond that. The reason software projects in particular demand that small scope relative to, say, big infrastructure projects or something, is that, when you're talking about building software and services that are built out of that software, you don't really know what you need until you test early with users.

There was a shift in how we thought about software development in the private sector, with what's called the “agile manifesto”—which you can find online—and it changed how the private sector and leading public sector jurisdictions think about software projects. You start small, perhaps with many contracts at once, and you bring these vendors together, in part, because you're not pooling and making tons of unfounded assumptions about what the end product's going to be.

Now, to enable that way of contracting, you have to look at how money flows through Treasury Board and how budget submissions are done. You have to create space for public servants to get that early feedback and adjust. However, it has happened in many other jurisdictions. It's really remarkable how far behind the Government of Canada is in moving their software development practices to what is well-supported in the data in both private and public sector corporations, which is that you have to keep it small and test and adjust as you go.

Mr. Majid Jowhari: Personally, I understand the concept of a road map. Usually, road maps can be anywhere from two years to five years. I get that. I understand breaking that road map into much smaller projects, anywhere from six months to, probably, 12 months maximum—nine months as the average. I get that, but around the scope and the dollar value, when we're talking about \$2 million, if it's an application that's going to get rolled across the government and to at least 23 or 24 departments, if you do the simple calculation, I'm not sure whether \$2 million is really the right number or benchmark. What are some of the other best practices that we could probably use as benchmarks to improve our procurement processes so we don't get caught in, for example, "pass-through situations", as you call them?

Dr. Amanda Clarke: I should clarify that it's not that an individual project or initiative would only cost \$2 million a year over three years. We know you can't revamp and upgrade all of the benefits delivery programs, which is something currently under way for \$6 million. It's that individual project components and those individual contracts shouldn't exceed those amounts.

Part of this is just that if a vendor underperforms, you can say "bye-bye" very easily. You're not locked in, and you also create scope to change what the deliverables are by having the opportunity to create new contracts as you go. It's by no means saying that you can deliver some of these large projects for that low dollar amount. It's that individual contracts shouldn't exceed that amount. This is where the idea of modular contracting comes in and of bringing together smaller pieces of a project and putting them together.

I don't know if I'm allowed to pass it to Sean, but he has lots to say about this, because I know he has thought quite a lot about how to implement modular contracting.

Sean, did you want to add ideas to this?

• (1130)

Mr. Sean Boots: Sure, yes.

The Chair: I'm sorry, Mr. Boots, let me interrupt. We are past our time, but I'm letting everyone go, as you can see in the first round, just because the answers are so interesting. If you could keep it to about a minute, Mr. Boots, I'm sure we'll be able to get back to you.

Mr. Sean Boots: It's just that modular contracting is the idea that you should break large projects into smaller ones. Often, especially in the public service, procurement folks will hear this and immediately think, "It's contract splitting. This is illegal." Really, contract splitting by definition means breaking things into smaller pieces with the intention of getting just under regulatory or disclosure thresholds or contracting thresholds. Modular contracting or unbundling contracts means breaking it into smaller pieces so that it's more likely to succeed. The intention is different, and by definition, it's not contract splitting, which I think is something people often miss.

The Chair: Thank you very much.

Mrs. Vignola, please go ahead.

[*Translation*]

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

Ms. Clarke and Mr. Boots, thank you for being with us.

Our party introduced a bill to protect public servants who disclose wrongdoing. It's currently being studied in the Senate. In your search for data and information, were cases of fraud such as those covered in the media directly disclosed to you by public servants, or did you have to seek out information using traditional methods?

Mr. Sean Boots: All of our information comes from media coverage. To my knowledge, we've never received any information directly from public servants. Public servants who work in IT always tell us stories about projects that are at a standstill or in trouble, for example, but they don't disclose wrongdoing directly to us.

Mrs. Julie Vignola: Thank you very much.

I'm going to ask my second question right away, because my questions require a lot of background.

In October 2022, Ms. Royds reiterated that Public Services and Procurement Canada was looking to make procurement more fair, accessible and competitive while favouring an approach that provides the best value for Canada and Canadians. She said that PSPC had implemented procurement processes tied in with its accountability and integrity objectives and obligations, and that monitoring and verification measures were in place to ensure high-level oversight of procurement processes. However, at the same meeting, Treasury Board, which is responsible for major policies, admitted that it didn't follow up on departments' compliance with these policies or on the results they achieved, and that it was up to deputy heads to follow up, adding that the administration of government contracts was subject to internal audits by the departments concerned, as well as by the Office of the Auditor General.

When I re-read that testimony, I draw a connection to the policy brief "A Guide to Reforming Information Technology Procurement in the Government of Canada", which you released in October 2022 and submitted to this committee. I can only wonder about those vaunted analysis and audit tools, particularly whether or not they are useful and above all, how often departments use them. I also wonder about this obsession with working in silos.

Are the tools really useful at the end of the day, or do we need to completely overhaul the work methods?

Mr. Sean Boots: I think, and this extends beyond the context of our research project, there's often a perception that when the Treasury Board Secretariat—where I worked for a number of years—comes up with a new set of rules, the departments start applying them immediately. The truth is, it takes many years for them to start improving their processes.

In my opinion, public disclosure can really make a difference. Rules that have no bearing outside the public service aren't very effective. It's always about improving public disclosure and having better data, particularly from proactive disclosure. Such tools can bring about positive change. As for the other measures, I'm not convinced that they will change things.

• (1135)

Mrs. Julie Vignola: Thank you.

There's a kind of phenomenon where, if too many people are aware of a problem, no one does anything, because everyone thinks that someone else will do something. This happens in cases of murder or rape: everyone hears noise in the building, but no one makes a move because people think someone else will. It sounds like the same thing is happening in procurement. When people see that there's a problem and that an audit is needed, they think that someone else, somewhere, will do it.

Do I have the wrong impression here?

Mr. Sean Boots: You absolutely have the right impression. Reliance on modular contracting for huge projects has become so normalized in the public service that it's very hard to question.

[English]

Is anyone else seeing this?

[Translation]

It's amazing how normalized it is.

Mrs. Julie Vignola: Thank you.

My last question is for Ms. Clarke.

As we speak, not only does Canada have a record number of employees, but it's also making unprecedented investments in outsourcing. We've learned that subcontractors with specialized skills don't necessarily transfer their knowledge to public servants.

Your brief lists the means the government has put in place to help its public servants become more specialized in information technology. I'm thinking in particular of the organization Code for Canada, the Canadian Digital Service and the Canada School of Public Service's Digital Academy.

Why is it that, despite the government introducing measures to have public servants acquire specialized skills, it continues to use that buzzword to explain the massive increase in spending on IT subcontractors?

[English]

Dr. Amanda Clarke: That's an excellent question.

I think the fact is that, side-by-side, growth in the public service—which is, in part, in line with the growth of the population but is also a significant percentage jump—has been mentioned in several media articles. Alongside this, especially in the IT space, great growth in contracting should raise questions about.... On the one hand, I suppose you could ask whether we are doing so much more in government right now—more ambitious programming and more ambitious policies—that we need more people. That could be true, and I think there's a debate to be had about whether the

amount of contracting and the growth in staff is justified by the ambition of the government's agenda.

On the question of the internal capacity-building piece and why that hasn't perhaps displaced the need for contracting, that's such a good question. I think the Canada School of Public Service does what it can to retrain and upscale public servants, but there's no mandatory training right now in modern procurement practices, even for procurement officers. This is something that the Auditor General has identified as a problem, but certainly senior leadership across the federal government has risen through a system in which they were never asked to understand technology.

In fact, often what I hear from public servants when I interview them is that senior leaders would like to insulate themselves from tech projects because they know they so often fail. There's a kind of learned helplessness and a willful blindness to these problems and an assumption that the IT community will handle them, but we don't tend to raise IT experts to the position of deputy minister, for example. This is more that you move up through the policy ranks. We have this cadre of senior leaders who have power and influence and are responsible for a lot of this oversight who sign off on things like big IT contracts but aren't getting that mandatory training to be good stewards and understand the basics of technology. Other jurisdictions are focusing on the executive ranks. It's something that we could think about doing better in Canada as part of mandatory deputy minister training.

The Chair: Ms. Blaney, welcome back to OGGO.

The floor is yours.

• (1140)

Ms. Rachel Blaney (North Island—Powell River, NDP): Thank you so much. It's very good to be here.

I really want to thank both our witnesses for being here and for their testimony. I will admit to being very frustrated listening to this. Before this work, I used to run a non-profit organization that had federal funding. I remember having to define what office supplies were. If I bought anything outside of the definition that I had provided in my application, I would not be reimbursed. So when I hear about people getting tons of resources with so little oversight, I just find it very shocking and frustrating.

Ms. Clarke, when you appeared before the committee in 2022 to discuss the ArriveCAN debacle, you said that this was a pretty standard story. You said that in your testimony today as well. We've heard from the Auditor General and from the procurement ombud, who sees this as a systemic issue in government contracting. When the procurement ombud spoke to the committee about his report on the McKinsey contracts, he said:

I do think that now is the time to act. We really need to reconsider federal procurement in its totality....I'm fearful that if I don't start acting in a more aggressive manner, significant changes will not come. I don't think band-aid solutions are the answer. I think there needs to be significant rethinking as to how federal procurement is done.

Do you agree that the government should take a more aggressive, government-wide approach to overhauling our procurement practices? If so, what would be your recommendations for the overhaul? Have those recommendations changed for all of those that you did provide to the committee back in 2022?

Dr. Amanda Clarke: I'll focus on the IT procurement piece specifically, because in the broader procurement reforms in the Government of Canada, there are a lot of different pieces there, from ships to procuring gardening services. In the IT space specifically, absolutely more aggressive action is needed.

It's funny; on the one hand, Mr. Boots and I have said several times that there are too many rules and that we like to add rules and burden public servants, but we also do a lot of soft rules as well— suggestions that don't really have much teeth. If we want to see behaviour change across the public service, not just in IT procurement but more broadly in how we conceptualize digital service projects, we need hard rules. We need to force change. The socialization to the status quo and the incentives to keep that status quo as is, because of the lucrative potential future consulting opportunities, are just too high.

There are some things that could be done that would give more teeth to the kind of suggestions we have right now. The digital standards, which Mr. Boots would know about better than I, because he was working on those when they were developed, come out of Treasury Board. They say all the right things. These are talking about keeping projects small and working in the open and using open source. But they are suggestions. I would guess that most senior leaders have no idea that those exist. Those are things that live on the Treasury Board website.

Make them mandatory. Make it that you can't get money for a project unless you demonstrate how you're adhering to the digital standards. They include things like doing early user research and getting software code in your hands early. This will affect internal development of software, but it will also affect how you procure, because those partners will know that they need to show that they're adhering to these modern practices.

I think that's one area. We talk about spend controls in the paper. This has not been every government's approach. It's worked well in the U.K. I think our situation is much like how the U.K. looked in 2010, before a real revolution. The conversations you're having here now at the parliamentary level were happening at the parliamentary level in 2010 in the U.K. That's why they bounded ahead as a digital leader. It was because of the kinds of things that resulted from that parliamentary inquiry. One of them was spend controls. Basically, with very few exceptions, there was a cap on how big any given IT contract could be. This is a hard rule that will force public servants into good behaviour. Over time, there might be room to soften these rules if needed, because there are some jurisdictions that talk about wanting to have more flexibility, and spend controls can be rigid. I think right now we need to force good behaviour really hard.

The other thing would be in management accountability frameworks, to actually hold senior leaders to account for how they manage IT projects and get them focusing on this as the KPIs they really care about. That's another way to try to force some change. What we're seeing now are soft and largely unread Treasury Board guidelines. The handbook on contracting that was released in the last year or so, largely in response to the work you're doing, is similar. Probably no one has read it. There's nothing in it that changes how you actually have to manage a project.

We say the right things in Canada, but then we don't actually force public servants to do those things. That's kind of the problem.

• (1145)

Ms. Rachel Blaney: In your response to me, you talked about some rules, and then you're also talking about letting go of some of the rules because they are so heavy.

My question to you is this: How do we analyze that and how do we bring the expertise in? It sounds like doing it in-house would be the best way to do that and to actually analyze what is helpful and what is not helpful so that we can make that process more affordable with less taking of taxpayer money and really looking at having that information available in a way that's accessible for all sides of organizations.

Dr. Amanda Clarke: I'm glad you put it that way, because there are some rules that need to be streamlined and removed, and then there are others that need to be added. It's a complicated process.

What should be streamlined and removed? There has already been quite a lot of work done on this by public servants. Internally, there was a red-tape reduction report, which you can find online and to which I'll make sure the committee gets the link via the clerk. These were public servants' testimonies about the ways they need to see procurement rules and HR rules. I'm trying to think of the other one. Maybe there was something around communications. Basically, it was where they saw significant barriers to their ability to be efficient and innovative that are imposed on them by rules that don't add any value and distract them from doing the good work they want to do.

That would be a great place to start to streamline these rules: taking a hard look at the Treasury Board policy suite, which is largely incomprehensible. There is nothing more disabling to your action than following those rules or trying to understand those rules. It's years of drift of adding new bullet points. You can be in section 10.1.2.3.4 and you're reading to try to understand whether or not you can adopt open source or something. These things are not enabling. That has never been their objective. Their objective—and I'm going to use a rude word here, but it comes out regularly in interviews with public servants—is that internal rules are meant to cover your ass; they are not meant to lead to good outcomes. I hear this constantly from public servants. That exact line, when I did my Ph.D research, came up so many times that I had to note as a remarkable finding the amount of times that particular phrase was used.

This is like shifting the accountability culture to one where the focus is on accountability for results and accountability for learning and iteration versus accountability by following all these rules, doing all the documentation and producing something that didn't work, but at least Treasury Board is happy. That's obviously what no one wants, including public servants, because that is deeply demotivating as an accountability model.

Those are some places to start, I think. Mr. Boots probably has lots of thoughts on that as someone who's lived that experience in Treasury Board.

The Chair: We're about two minutes past our time on that, Mr. Boots. I'm afraid we'll have to get back to you.

Colleagues, we've run quite a bit over on the opening round, which I'm frankly happy with because the answers have been incredible. Going forward, can we please leave a lot of space? If you have an open question to Professor Clarke or Mr. Boots, leave enough time for them to respond.

Mr. Barrett, the floor is yours for five minutes, please.

Mr. Michael Barrett (Leeds—Grenville—Thousand Islands and Rideau Lakes, CPC): Your study outlines a concerning picture of IT procurement practices within the federal government. You've mentioned that nearly a quarter of the \$20 billion spent on IT contracts has gone to just three firms.

Can you elaborate on how the government's failure to diversify its suppliers has led to higher costs and less innovation in the IT systems?

Dr. Amanda Clarke: The connection there is that for a whole bunch of reasons, certain firms have an incumbent advantage. Often, because of the processes from the perspective of those bidding for contracts and because there are so many hoops to jump through, it can be difficult for smaller firms to bid. You end up in a case where you set up the big firms to continue to get contracts.

Why does that lead to lower quality outcomes? Is that the idea? Part of it is just the basics of not being able to force competitive pressure against these vendors, because they're going to keep winning these contracts whatever the outcomes, really.

It is remarkable how often, despite project failures or underperformance, these contracts might still be issued to those vendors.

Part of that is we don't have a clear way of assessing what project success looks like. We don't have strong and proactively disclosed data on whether or not a project led to a good outcome. That's something that we couldn't determine from our data. We can see how much we spent on contracts. We don't even know what was produced from that.

This is a really common phenomenon. In interviews I've done with U.S. public servants, the same conversation comes up that there's a small cluster of three to five big firms at any given time. Sometimes it switches who's in the lead, but roughly there are three to five different firms. They'll move from jurisdiction to jurisdiction delivering bad projects, and they keep getting hired in part because no one's talking about it and no one's disclosing it in ways that make sense.

• (1150)

Mr. Michael Barrett: I pick up on two things here. The first is that you talked about how larger companies seem to just perform better or succeed in achieving contracts, but we heard that a company like KPMG, which is massive, was instructed by the public service to be a subcontractor to a firm that is objectively tiny, GC Strategies—two people. How is that possible when, for all of the reasons that you said, it's true that larger firms perform better? How do we end up in a situation in which we're using a firm that doesn't add any value? Its supposed value is to source expertise and resources, but instead it costs the taxpayers up to 30% more. KPMG is a known commodity and the heavy hitter in that scenario.

Dr. Amanda Clarke: I should clarify that I think those big firms perform better in winning contracts, but they don't perform better in producing good services.

Mr. Michael Barrett: Yes—100%.

Dr. Amanda Clarke: That's key to clarify. I know you know that, but I just want to make sure I am being clear.

How can something like GC Strategies...? I agree that, with all the information we've learned, it's surprising...well, not surprising, but it's shocking and concerning. I think part of it is just that we don't have that strong culture internally of scrutinizing value for money when it comes to these contracts, and we're habituated to simply trust that the firms winning the contracts are going to deliver.

The Auditor General, in the case of ArriveCAN in particular, also just highlighted basic breaches of responsible public service. Is that not right? I think there's also that piece. I will say that, in interviews that I've done across a whole range of countries that are really leading in digital transformation, they are not worried about their relationship with vendors. They always say, "We manage that because we have good internal rules, good organizational hygiene and sufficient IT expertise to hold them to account," so they would never fall for a GC Strategies-type scam because they put those conditions in place. They also, really, always emphasize that these things happen in a culture of strong ethics and values.

Mr. Michael Barrett: Very quickly, would you say that there is a correlation between the lack of accountability that we see and the diminishing role that ministerial accountability plays? The ministers are supposed to be responsible for their departments, but that seems less true all the time.

Dr. Amanda Clarke: Oh, this is, I mean—

The Chair: There's time for yes or no answer only, I'm afraid.

Dr. Amanda Clarke: Okay. It's complicated, but I love discussing ministerial accountability, so we should do this more.

Voices: Oh, oh.

The Chair: Thanks.

Mr. Naqvi, welcome back to OGGO as well. The floor is yours for five minutes, please, sir.

Mr. Yasir Naqvi (Ottawa Centre, Lib.): Thank you very much, Chair. I'm really happy to be back at OGGO to discuss a really important issue around procurement.

In fact, as I listened to both our witnesses, I had a moment of déjà vu in terms of how I, in my past life, used to practise procurement law—I'm from Ottawa. We're talking about, now, almost two decades ago in time, and a lot of the issues that are being discussed were things that I recall quite vividly, in terms of contracting, decision-making, those manuals with sub points that Professor Clarke talks about and trying to interpret what all these rules mean.

Then, very similarly, perhaps one could argue it's in other levels of government as well, whether it's provincial or municipal, because from my time in provincial politics, being a member of the Treasury Board of cabinet in Ontario, I had very similar conversations with officials about IT procurement: "What went wrong? Why did it go wrong? Why is it over budget? Why is it not producing results?" etc.

This is not something new, so I'm interested, not in exploring the problem but more in exploring the solutions. How can we improve our system so that we can get better value for Canadians and better products as well?

We talked a lot about your research and what you found—although I might add that it hasn't been peer-reviewed yet, as I understand, and that process is ongoing, so I'm sure that's going to make it even stronger—but can we talk a bit about what you found in your experience of looking at procurement systems internationally? For the first part of the question, did you find there are similar challenges when you looked at United States, the European Union, "like countries" like Germany, France or Australia? Did you find

they have similar challenges? If so, can you summarize them for us?

Can you talk a little about solutions? What kinds of changes, if any, are being orchestrated in those jurisdictions that we should look at in terms of recommendations, the work that this committee is doing and what the federal government should be doing?

• (1155)

Dr. Amanda Clarke: Yes. That's great. I like placing this in an international context, because it has been interesting to see that the Anglo-Saxon cluster of governments, I'd say, has had a very similar trajectory at various stages of development in tackling the procurement issue.

I mentioned that the U.K. has done well in addressing these problems head on. We can definitely look to that jurisdiction. We can also look more broadly to countries that are now identified as having leading digital government services. This includes Ukraine, Finland, Singapore and Estonia, not countries that we have historically always looked to for practices around public sector governance. These jurisdictions are frankly nailing it when it comes to working with vendors. They all tell a very similar story about how they're managing that.

One, they're aggressively building their in-house IT expertise—to build in-house when it makes sense; to be better shoppers, as we've already described; to oversee and manage; and to ensure that when they work with vendors, those vendors want to send their A-team: We're going to be working with very talented technologists in government. I think this can be done through a mix of hiring and interchanges but also through training.

The other piece that I mentioned already comes up in interviews I've done with public servants globally on how they are managing vendors in their digital government efforts. They do often point to traditional public administration values and ethics. They have a culture of good governance. They're aware of the risks of conflict of interest, of cronyism and of revolving doors when they bring in technologists for, say, short-term stints working in government. They manage that by turning to classic tools of good public administration. They focus a lot on building kind of freeing internal rules, as we've already discussed, so that the public service can work in these modern ways themselves but also so that vendors can apply those methods when they work with the public sector.

Then there's a really big emphasis on modernizing procurement rules through such things as modular contracting, spend controls, stronger information disclosure and reporting, and prioritizing open source. There are also some really interesting ways of thinking about procurement as a policy tool. In certain jurisdictions, state IT procurement is tied to national economic development. This comes up a lot when you speak to Estonians or Finns. In Ukraine, for example, there's a real emphasis on the state trying to build an ecosystem of local vendors, having this economic growth opportunity attached to it and also making a more competitive marketplace that can bid for government work.

The Chair: Thank you very much. That is our time.

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

[*Translation*]

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

Ms. Clarke, your October 2022 brief provides a list of controls that would prevent the current situation in Canada, where the majority of IT spending, 54%, goes to contracts above the \$2-million mark.

I have two questions for you.

First, how many of those contracts have led to successful projects?

Second, how many of those contracts have unknown results, for whatever reason?

• (1200)

[*English*]

Dr. Amanda Clarke: This is a great question. One area where we're really kind of frustrated with the data available is that we don't know whether those contracts led to value. We know from larger studies that larger contracts are more likely to lead to failure. Our assumption that those large contracts are problematic is based on that. That is also the rule that any other government that is doing well on digital is following.

So we don't know. We recommend in the paper adopting the open contracting data standard. These sorts of new ways of thinking about disclosure of contracting could include outcomes, which is really what you care about. If it cost \$80 million, what did we get for that? This is an important question that we can't answer right now.

[*Translation*]

Mrs. Julie Vignola: I'm going to ask you another quick question.

According to an article that I will quote from memory because I don't have the source in front of me, Mr. Wernick said that there were so many layers to this matter that the entire procurement system had to be dismantled and rebuilt from the ground up. He said it was corrupt and dysfunctional.

Should we go that far to solve the problem only to then go and create a new department of streamlined procurement?

[*English*]

The Chair: You have about 30 seconds.

Dr. Amanda Clarke: There is something exciting to say about doing a control-alt-delete on current rules and then starting from fresh. That could be quite nice. I think maybe that could be a good way to start. Certainly, I think looking first at some of that internal public servant work around reducing red tape could be a great first step to streamlining what the internal rules look like.

The Chair: Thank you very much.

Ms. Blaney, you have two and a half minutes.

Ms. Rachel Blaney: Thank you.

I heard very clearly that it's getting to be a problem to attract IT professionals who are very talented to the public service. Can both of you talk a little about why that is?

To follow up on the question I had last round, what does government need to do to make it safer for public servants to actually have the space to be innovative? It sounds like part of the challenge right now is that innovation is being blocked, so what needs to be put in place to nurture that rather than dissuade it?

Mr. Sean Boots: I think it's an excellent question. It's something that, in my own public service career, is very top of mind. How do we better enable public servants? How do we better empower them? How do we better equip them with tools?

As an outside-of-work side project, one of the websites I built several years ago was a website called "Is This Blocked in My Department", which is a crowdsourced list of, as a public servant, depending on which department you're in, whether you can use Zoom, Trello and all these different software tools that teams around the world use all the time but are often blocked or forbidden for public servants to use.

This is just an example of how risk-averse public service culture holds public servants back, and it means that they're working the same way that they might have worked in the 1990s, even though the rest of the world has moved on to much faster and more effective ways of working.

There are a few challenges. One is that public-sector IT salaries are competitive at the lower levels and really not competitive at the top. If you're just leaving a university or a college program to become a help-desk technician at the bottom level, that's a pretty good job, but if you're trying to hire some of the world's best cybersecurity experts, maybe you'll make \$130,000 or \$150,000 in the Canadian public service, and you'd make \$400,000 Canadian working for a U.S. tech company.

Because technology professionals can move between jobs, companies and even countries so easily, it's really hard to hire people who are world-class professionals, and when you're delivering services that millions of Canadians depend on, it's actually very important. You don't need a thousand of those people, but you need five or 10 who are really good, and there's no mechanism for the federal public service to be able to do that right now.

The other challenge is that in government HR, the ability to move up the ranks without having to become a manager of other people is almost impossible. Even from the middle levels of the IT classification on up, you're expected to be managing a team, and that's the criteria you're judged on to be able to move even further up.

In modern tech companies, they realized decades ago that with your really great programmers and your really great cybersecurity people, you don't want them to stop doing that and spend all their time managing HR conflicts and approving people's leave requests. You want them to just keep on doing that craftwork that they're really good at. Modern tech companies have dual-track career progression frameworks, and those do not exist in the federal public service, so we're taking our best people and saying, "You're not going to touch a keyboard writing software for the rest of your career; you're going to manage a team of 40 people and deal with all the HR drama that ensues." That means that even if we were to pay people more, if we're asking them to be people managers when they really want to be great cybersecurity people, great programmers or great designers, we're not letting them do that.

That's such an obvious fix that the Treasury Board has not done and has not prioritized, and that is just really at odds with how the rest of the industry has evolved.

• (1205)

The Chair: Thank you, Mr. Boots.

We'll now go to Mrs. Block for five minutes.

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

I join my colleagues in welcoming both of you back to committee. I know that you both have appeared twice, in November of 2022 and early January of 2023.

I just want to recapture what we learned from you back then. I think we knew there was an issue when we put the arrive scam issue on the agenda of this committee, but I think what I learned from you is that government relies heavily on IT vendors and management consultants and, as you stated again today, has done little to hire this expertise in-house and/or train public servants. We also learned that it is hard to measure value for money or even how successfully completed a project is because of the ambiguous nature of how we collect data, and, finally, that spending on external consultants is growing. Mr. Boots has provided some great data with regard to that.

You mentioned lucrative contracting opportunities for public servants. Mr. Boots, as a former public servant, does all this contribute to public servants contracting with the Government of Canada to do work that they should be paid for—

The Chair: I'm sorry, Mrs. Block. I have to interrupt you for a second. Can you move your mic up a tiny bit?

Mrs. Kelly Block: Sure.

My question is this: Does all this contribute to public servants contracting with the Government of Canada to do work that they are already being paid to do in-house or that they should be being paid to do in-house?

Mr. Sean Boots: Thank you so much. I think it's a really interesting question.

I would say off the bat that the situations we've seen in the news where public servants were simultaneously working for a department and then also running contracting companies was a huge surprise, because I don't think that's a normal occurrence. But what does seem very normal is that when you reach kind of the mid to end state of your public service career in IT, it's very normal to go work for a large IT company or for a large IT vendor, because you have a lot of pre-existing relationships with your colleagues and counterparts.

If you're a departmental chief information officer, you're probably never going to become an ADM, but you can make a lot of money going to go work for a large IT company. You're friends with all your other departmental CIOs who you used to work with. I think for those companies, it's very attractive for them to hire retired public servants who have a lot of previous connections. You see other things like large consulting firms running demo days, where they invite a lot of senior public servants to go see some cool things that new start-ups in Canada are doing while they also gather a lot of notes on what they will then pitch back to departments to sell them some new management or IT product or whatever.

You do see those sorts of patterns. One way to fight that is to make it possible, as I mentioned earlier, to have a more successful long-term career with market-competitive salaries while you're still in the public service. Of course, I have friends who have left the public service to go make triple their previous salary working for a large tech firm. I left the federal government and I work for a provincial government. I'm still a public servant. I'm paid exactly the same as I was in my old job, and I'm very happy to be able to play a role in having a public impact. But for other people in different situations, it's very understandable. They leave to make triple the salary.

It's hard to say no to tripling your salary. That's an appealing thing. That has consequences for this somewhat cozy relationship that you see in news articles between the super-large tech providers to government and the public service.

• (1210)

Mrs. Kelly Block: Thank you very much, Mr. Boots.

Chair, I would like to use the rest of my time to move a motion that I put on notice last Friday. I just want to read it—

The Chair: Let me interrupt for a sec. We'll distribute it to all the members right now.

Go ahead, Mrs. Block.

Mrs. Kelly Block: I'll read it into the record:

Given the Government has spent \$9 million dollars of taxpayer money on a luxury condo located on “Billionaires Row” in New York City for the Consul General, the committee order Global Affairs Canada to produce a list, within fourteen days of this motion being adopted, of all properties including the addresses and listing prices of those that were visited or considered for purchase for the official residence of the consulate general in New York, and the committee call the following witnesses to testify:

Minister of Global Affairs, Mélanie Joly

Consul General of Canada in New York, United States, Tom Clark

The Deputy Minister of Global Affairs and other representatives from the department.

If I may, I would like to quickly speak to the motion that I just read into the record. I think what has come to light over the past few years under this government's procurement practices is extremely disturbing, but perhaps not surprising. Whether it has been the hundreds of millions of dollars going to Liberal insiders, or their friends at McKinsey getting special treatment in receiving government contracts, or former Liberal MPs and future Liberal leader hopefuls like Frank Baylis, whose company got a massive contract during the pandemic for ventilators that went unused.... It cost the government hundreds of millions of dollars, only to be sold as scrap metal.

We have seen the complete lack of spending controls on major procurements, including arrive scam. Every step along the way, this government has tried to cover up these consequences of their failed governance. We know that they voted against the audit of the ArriveCAN app, swearing that there was nothing to find—

The Chair: Mrs. Block, I'm afraid your connection is breaking up again. Maybe move your mic up a tiny bit.

We might have to ask you to finish up. Again, the translators are having trouble hearing you.

Mrs. Kelly Block: Thank you. I'll continue, and they can let me know if there's a problem.

The Chair: No, we're not able to hear you properly.

Mrs. Kelly Block: That is extremely disappointing. I don't know what I can do from my end.

The Chair: Unfortunately, the interpretation is not coming through at all. It's breaking up too much.

Mrs. Kelly Block: Thank you. I'll move the motion.

The Chair: Okay, thank you.

We'll start a speakers list.

I have Mrs. Vignola.

[*Translation*]

Mrs. Julie Vignola: Good morning.

We agree with the motion in general, but I'd like to make a few changes.

We agree that we need to look at the acquisition of a \$9-million condo for the Consul General in New York City. Generally speaking, to the average person, \$9 million represents nine working lives. That's significant. It's taxpayer funds, so it's important that we look at this. In the context of a federal budget, it may seem like a drop in the bucket, but it's a significant amount nevertheless.

So here's the motion with the amendments I am suggesting to my colleagues. It will be sent out to them in a moment if they haven't already received it:

Given the government has spent 9 million dollars of taxpayer money on an apartment in Manhattan, New York for the Consul General, the committee order Global Affairs Canada to produce a list, within 14 days of this motion being adopted, of all properties including the addresses and listing prices of those that were visited or considered for purchase for the official residence of the consulate general in New York, and the committee call the following witnesses to testify:

the Consul General of Canada in New York, U.S.A., Tom Clark,

the Deputy Minister of Foreign Affairs and other departmental representatives,

representatives from Public Services and Procurement Canada and the Treasury Board, as well as a panel of New York City real estate agents, and

the Minister of Foreign Affairs, Mélanie Joly, if the committee deems it necessary after hearing the other witnesses.

And that these meetings be held between August 19 and August 27, 2024, inclusively, and that apart from these three additional meetings, the committee hold no additional meetings before September 9, 2024, with the exception of meetings pursuant to Standing Order 106(4).

The wording refers to the meeting that was scheduled for today, but we can remove that part because it's null and void. So it would end after the reference to meetings requested pursuant to Standing Order 106(4).

• (1215)

[*English*]

The Chair: Thanks.

I'll start a speaking order on the amendment. I have Mr. Brock and then Mr. Ehsassi.

Is your hand up for the amendment or the original motion?

Mr. Ali Ehsassi (Willowdale, Lib.): Well, I had an opportunity to both listen to the motion—

The Chair: No, sorry, I'm not asking you. Is your hand up for the motion or the amendment?

Mr. Ali Ehsassi: It's for the amendment.

The Chair: Okay, so you'll be up after Mr. Brock, but before we go to Mr. Brock, just to confirm, Mrs. Vignola, basically your amendment would add:

And that these meetings be held between August 19th...and that apart from these 3 additional meetings, the Committee hold no additional meetings before September 9, 2024, with the exception of the 106.4 meetings....

Is that correct? Are you just adding that one line?

[*Translation*]

Mrs. Julie Vignola: Yes, the amendment makes that change, among other things. It adds another one so that the minister can be called to appear if the committee deems it necessary after the established meetings. We've done that with other ministers in the past. The amendment also specifies that the apartment is in Manhattan. It's more specific than saying that it's "on Billionaires Row", which could be anywhere.

[*English*]

The Chair: Perfect, thank you. I just wanted to clarify that. I appreciate that.

Mr. Brock, go ahead, followed by Mr. Ehsassi on the amendment.

Mr. Larry Brock: Thank you, Chair.

At this juncture, the Conservatives will be voting in favour of the amendment.

Owing to the technical difficulties experienced by my colleague Mrs. Block and to complete the record, I wish to finish her thoughts.

Whether it's their friends at McKinsey getting special treatment and receiving government contracts, or former Liberal MPs and future Liberal leader hopefuls like Frank Baylis, whose company got a massive contract during the pandemic for ventilators that went unused and cost the government hundreds of millions of dollars only to be sold as scrap metal, we've also seen the complete lack of spending controls on major procurements like arrive scam, an app that started with an \$80,000 initial price tag but ballooned to at least \$60 million, according to the Auditor General.

Every step along the way, this government has tried to cover up these consequences of their failed governance. They voted against the audit of the ArriveCAN app, swearing that there was nothing to find and they swore there was nothing to find with the McKinsey contracting, yet, each time, malfeasance was found and has revealed a troubling pattern. Right before the House rose for the summer recess, it was reported that the government was purchasing a building right on Sparks Street. No practical reason for purchasing this building was given in the articles, but they did note that—surprise, surprise—a good friend—

Mr. Majid Jowhari: I have a point of order, Mr. Chair.

The Chair: I'm sorry, Mr. Brock, but we have a point of order.

Mr. Jowhari, go ahead.

Mr. Majid Jowhari: My apologies, Chair. I believe we are debating the amendment to Mrs. Vignola's motion. I'm trying to understand the relevance. I just want to follow...and if it's relevant, I'm

sure you'll allow it. If we need to go back and focus on the amendment, I would really appreciate that direction from you.

The Chair: Mr. Jowhari does have a point; we are debating the amendment, not the original motion.

Perhaps you could just stick with the amendment, please, sir.

Mr. Larry Brock: No practical reason for purchasing this building was given in the articles, but they did note that—surprise, surprise—a good friend of the Prime Minister, Michael Pitfield, had part ownership of that building.

Again, Conservatives are voting in favour of the amendment.

Of all the buildings they could have purchased in Ottawa, they happened to buy one that directly benefits a close friend of the Prime Minister.

Again, Conservatives are voting for the amendment.

Now, in New York, one of Trudeau's hand-picked diplomats—

Mr. Ali Ehsassi: I have a point of order, Mr. Chair.

The Chair: Mr. Ehsassi, go ahead.

Mr. Ali Ehsassi: Mr. Chair, you did point out correctly and accurately that this is about the amendment. Everything that the member is saying currently is irrelevant.

Thank you.

An hon. member: He literally mentioned the amendment in the last 10 seconds.

● (1220)

Mr. Larry Brock: I did. It's all relevant. I have 30 seconds. Do they want to continue to interrupt me?

Mr. Michael Barrett: They don't want to talk about Pitfield, because Anna Gainey wants to be leader.

The Chair: Finish up, Mr. Brock, and then we'll go to Mr. Ehsassi.

Mr. Larry Brock: Thank you.

Now in New York, one of Trudeau's hand-picked diplomats just got a big upgrade in his residence. Trudeau has found it prudent to purchase an apartment on Billionaires' Row for \$9 million.

Again, Conservatives are voting in favour of the amendment.

This is how Trudeau's chosen elite live high on the taxpayer's dime at a time when Canadians are struggling to pay their mortgages or their rent.

Again, Conservatives are voting in favour of the amendment.

This is at a time when our country is seeing more tent cities cropping up across the country and at a time when two million-plus Canadians are going to food banks to feed their families, and, according to the Office of the Superintendent of Financial Institutions, more hurt is on the way with more defaults on the horizon as many Canadians are facing mortgage renewals over the next few years.

Again, Conservatives are voting in favour of the amendment.

Frankly, at a time when Canadians are living through housing hell, Trudeau is more interested in buying for and buying from his friends over delivering for Canadians. Conservatives believe that Canadians deserve answers, which is why Mrs. Block brought forward this motion, which calls on the government...

I can't complete her thoughts on that, but that's my intervention.

Thank you, Chair.

The Chair: Thank you.

We'll go to Mr. Ehsassi.

Go ahead, sir.

Mr. Ali Ehsassi: Thank you very much, Mr. Chair.

On the topic of amendments, we certainly support the thrust of the amendments that have been proposed. I was wondering if I could make some changes just to make sure that this committee can do its work properly.

The first one would be—

The Chair: Let me just interrupt you. Are you proposing a subamendment?

Mr. Ali Ehsassi: Yes, that's correct.

The Chair: Go ahead, sir.

Mr. Ali Ehsassi: I am proposing, first of all, just to refine it somewhat, that for the documents that have to be provided to the members, we extend that from 14 days to 30 days. That would be the first aspect of my subamendment.

On the second one, I understand that Ms. Vignola has proposed that we hear from relevant witnesses. That makes eminent sense. However, I was wondering if in the interest of assisting the members all the members would agree to send in the names of those witnesses and for the deadline to be August 12. So it would be adding relevant witnesses and submitting those witnesses by the members by the deadline of August 12.

Thank you, Mr. Chair.

The Chair: Speaking on the subamendment, we do have a rule, for lack of a better word, in the committee that our witnesses will be based on the percentage of the parties. It's a pretty straightforward amendment there. The 12th seems pretty straightforward as well.

Does anyone wish to speak on the subamendment? The other issue that Mr. Ehsassi has brought up is just the date of the documents.

Mrs. Vignola.

[*Translation*]

Mrs. Julie Vignola: I thank my colleague for his suggestions.

As far as the witness list is concerned, we don't usually put that in our motions. Instead, we wait until the end of the meeting to determine when we will submit the list of witnesses. Having said that, August 12 is a reasonable date.

As far as the documents are concerned, if there's a 30-day deadline, at best we will have them just in time for the first meeting with witnesses, or at worst, we may not have them at all and won't get the opportunity to read them and do a proper analysis. So, in my opinion, 30 days is too long for us to receive those documents.

I understand all the challenges with translation and interpretation and what that entails, but I don't like to go on a fishing expedition when I question a witness. I like to be able to base my thoughts on something tangible that I've been able to analyze. If I don't have the documents before the first meeting, I'll have to go fishing when asking the witnesses questions. After receiving the documents, I may realize that the answers were in the documents and that I could have asked better questions if I had had them beforehand. That would mean I wasted my time and the witnesses' time. At the end of the day, we'd also be wasting taxpayer funds, because they pay for the committees and for all the time we spend on this.

So, for efficiency reasons, I'm against this 30-day deadline, because I need to read the documents before the meeting. Personally, I won't be able to support the subamendment. I'm sorry.

• (1225)

[*English*]

The Chair: Does anyone else wish to speak on the subamendment? It sounds like the committee seems to be fine with the first part, which is the witnesses, but not with the second.

We can either just have a vote on the subamendment in its entirety or perhaps, if we're fine....

Mr. Ehsassi, go ahead.

Mr. Ali Ehsassi: Again, thank you, Mr. Chair.

I had an opportunity to listen to Ms. Vignola. I certainly understand and appreciate full well her concern. However, I don't think it would make sense for us to run the possible risk of not providing the department ample opportunity within 14 days to provide those documents. God forbid, should that not prove possible, we would find ourselves in a very precarious position. I really do think 30 days would make more sense, because the department would not run over the 30 days prior to the next meeting of the committee, but that's just an observation on my part.

The Chair: Go ahead, Mrs. Vignola.

[Translation]

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

I also understand what my colleague Mr. Ehsassi is saying. I try to find compromises as much as possible. So I'm trying to find a happy medium that can satisfy everyone around the table, while taking into account the reality of public servants, interpreters, and so on.

I would propose a friendly subamendment and change it from 30 days to 21 days. That way, we could meet in the middle.

What do you say?

[English]

The Chair: Thanks. I'm seeing nods around the table, but I do have Mr. Barrett who wishes to speak on the subamendment.

Mr. Michael Barrett: On the motion, I have a question for clarification. I want to ensure that the proposal with respect to witnesses.... It just needs to be clearly understood by everyone that this is in addition to the witnesses who are prescribed in the motion. I need to understand that this isn't replacing it, because we don't have the subamendment in writing, and that the subamendment does not remove the named witnesses, those being the consul general, the deputy minister, named representatives from Supply Canada and Treasury Board and the minister of global affairs. Those witnesses need to still be included. I need to understand if that's what we're voting on.

Further, if the meetings are to be held between the 19th and 27th, whatever the date is that is being proposed—21 or 15—we need to have an assurance through you, Mr. Chair, from the House that we're going to be able to have those documents translated for that first meeting of the committee. To Mrs. Vignola's original point, the documents need to be in our hands in both official languages prior to the opening of the window for these meetings to occur, and I need to just get some clarity that the named witnesses, in addition to the proposal for the submission of additional witnesses, remain, and that's in addition to those witnesses.

• (1230)

The Chair: On the first question, if we set 21 days as the 14th by, say, noon, we should.... I don't think it's a lot of documents, but you never know. I can't say with absolute certainty, but it's probable, because I cannot imagine it's a lot. Being summer, I don't think there are a lot of requests going into the Translation Bureau right now, so it's not a certainty.

On your second question, you have the same understanding as I do, but Mr. Ehsassi can chime in. It's just to provide the witnesses by *x* date. It's not to replace these witnesses, but for the parties to provide witnesses by, as I think you said, the 12th.

Mr. Ali Ehsassi: By the 12th, so it provides—

The Chair: But it's not replacing witnesses noted in the.... Was that your intent?

Mr. Ali Ehsassi: No, it wasn't, but to the best of my understanding, it currently reads, "other relevant witnesses submitted by members".

The Chair: So it's not replacing them.

Mr. Ali Ehsassi: No, it's not replacing them.

The Chair: We're clear on the second part about the witnesses.

Regarding receiving the documents and the translation, it's always difficult. We can't guarantee it, because I don't know how many documents are going to arrive. If 5,000 pages arrive, just to exaggerate, within 14 days, they're not going to get translated whether we say 14 days or 21 days. However, there's not a lot going into the Translation Bureau right now, so I think we probably should be fine with that, assuming they're not taking vacations. I would assume so, but nothing's a guarantee and we wouldn't be able to guarantee if it was the 14th anyways, or we wouldn't be able to guarantee if it was 31 days or 30 days, as was originally proposed.

Mr. Michael Barrett: Is it for the 14th? Is that what we're saying now?

The Chair: It's the 14th, as opposed to 14 days, so the 14th, yes.

Mr. Michael Barrett: It's the 14th. Okay.

The Chair: I'm sensing we're okay with that. We cannot do it as a friendly amendment, but we can adopt Mrs. Vignola's suggestion by UC. Just to be clear, I'll have the clerk read back what the subamendment will be, bringing in Mr. Ehsassi's comments on the witness date and the date of the documents.

The Clerk of the Committee (Mr. Alexandre (Sacha) Vasiliev): The subamendment is to add, after the words "to produce within 21 days of the adoption of this motion" and after the other witnesses, "that other relevant witnesses to be submitted by the parties by August 12".

The Chair: That's straightforward. Is everyone clear on that? We'll consider the subamendment adopted.

(Subamendment agreed to)

The Chair: We will now go back to the original amendment, which, if you recall, is—

Mr. Majid Jowhari: —the [Inaudible—Editor] amendment, as amended.

The Chair: We're now back to the original amendment by Mrs. Vignola, which adds the dates for the meetings and ends other meetings.... Bear with me for two seconds.

We're adding Mrs. Vignola's...we've accepted a subamendment and we're back to the original amendment by Mrs. Vignola, which reads: "And that these meetings be held between August 19th and August 27th, 2024, inclusively, and that apart from these 3 additional meetings, the Committee hold no additional meetings before September 9, 2024, with the exception of the 106.4 meetings".

Then it also changes the last line for the witnesses to read, "The Minister of Global Affairs, Minister Joly, if the committee deems it necessary".

We're now back to that amendment.

I will go to Mr. McKinnon.

Go ahead, sir.

• (1235)

Mr. Ron McKinnon (Coquitlam—Port Coquitlam, Lib.): Thank you, Chair.

I just had a concern. I'm not clear that the committee has the power to order somebody to produce documents. I suspect it has to go to the House, and the House has to issue that order. I wonder if someone could clarify that. Perhaps the clerk could clarify that.

The Chair: The committee does have the power to do that. I can have the clerk repeat what I said, and you're welcome to, sir.

At committees, we've ordered, as members around the table know, hundreds of thousands of pages of documents, but if you wish to confirm that for Mr. McKinnon, sir, please go ahead.

The Clerk: Yes, the committee is within its rights to request production of documents.

Mr. Ron McKinnon: I'm sorry, Mr. Clerk, I could hardly hear you.

The Clerk: Yes, the committee can request the production of documents, and order—

Mr. Ron McKinnon: Okay, thank you for that clarification.

In that case, I would like to propose a further subamendment. I believe that we should add to the documents we are requesting. We should request “an independent third party assessment of the value of the property that was purchased”. I guess that language would be in an appropriate place in the motion, probably after “the...residence of the consulate general in New York”.

The Chair: I'm going to interrupt you, Mr. McKinnon. Maybe we could just restart that, because the committee cannot order money spent for a creation of an independent.... If you're looking for the existence of one, maybe you could narrow it down to that, but we can't order an independent one done.

Mr. Ron McKinnon: I'm suggesting that we need to see the value of this property that we purchased. My suggestion is that we ask for an independent third party assessment of the value of that property in that market.

The Chair: Again, that's not something we can order the government to pay for and have done. If you're asking whether there's an existing one, we can ask for existing documents, but we can't order the government to spend money to have a consultant.... We can't order that to be done.

Maybe GC Strategies is available to do it.

Some hon. members: Oh, oh!

Mr. Ron McKinnon: I'm not suggesting we order them to spend money. There is very likely an assessment that was made as part of the purchase. My subamendment is that, after the words “the official residence of the Consul General in New York”, we put “and include, if available, an independent third party assessment of the value of the property in that market”.

The Chair: I'll hand it over to Mr. Barrett and then Mrs. Vignola, but I want you to clarify, Mr. McKinnon, who are you proposing as this independent...? Even if we pass a motion, we can't order the government to perform an independent audit. We can ask if there

are evaluations of it, or we can ask whether there was one done. We can ask for those papers, if that's what you're asking for.

Mr. Ron McKinnon: I didn't ask for an independent auditor. The language I just said is “and include, if available, an independent third party assessment of the value of the property in that market.” That does not order the government to spend any money. That is my subamendment.

The Chair: Just to be clear, the subamendment is to produce these documents if they exist.

Mr. Ron McKinnon: “If available” is what I said. I think it's important that we understand the value of the property. This is not an expense. This is an acquisition of an asset.

The Chair: If there were an independent one done, we can ask for it if it exists—not if it's available, but if it exists, we can order the production of it. How's that? Are we on the same wavelength now, Mr. McKinnon? Basically, if one was done, we'll order the production of it. Is that correct?

• (1240)

Mr. Ron McKinnon: I don't really like your rewording my subamendment, but I will reword it a little bit. I'll say that, after the words “the purchase for the official residence of the Consul General in New York” we add a comma and the words “and request, if available, any third party independent assessment of the value of the property in that market.” That should deal with your concerns.

The Chair: Bear with us for two seconds, Mr. McKinnon. I'm making sure our clerk has what you're asking for, Mr. McKinnon, so that everyone is clear. The clerk is going to read it back to you, Mr. McKinnon. Let us know if we've collected it correctly from you.

The Clerk: The subamendment is that, after the words “New York,” we add “and request, if available, any independent third party assessment of the value of the property in that market.”

Mr. Ron McKinnon: Yes. That will be sufficient.

The Chair: Can we add “within 21 days” so we keep it the same as the other documents?

Mr. Ron McKinnon: Sure.

The Chair: Do you still wish to speak to this, Mrs. Vignola?

I go to Ms. Vignola, Mr. Barrett and then Mr. Brock.

[*Translation*]

Mrs. Julie Vignola: That's a lot clearer. As I understand it, if the government has done an assessment of that kind, we want to see it. I thought it would be included in all the documents, but I always welcome clarification.

[*English*]

The Chair: Thanks.

We'll go to Mr. Barrett, and then Mr. Brock.

Mr. Michael Barrett: I fundamentally disagree with Mr. McKinnon that this is not an expense. His words were that this \$9 million is “not an expense” and that \$9 million in a cost-of-living crisis and in a housing crisis in our country—\$9 million on a condo for Justin Trudeau's buddy Tom Clark on Billionaires' Row—is not an expense. Was it a gift? How did that purchase come to pass?

It's just absolute fantasy along the lines of budgets balancing themselves. Of course \$9 million is an expense, and it was taken out of Canadians' pockets. It was taxed off of their paycheques. Of course \$9 million is an expense.

I'm pleased that the chair did heavily coach the amendment, because in its current form it's supportable, though it wasn't in its original form. However, we want all of the information about this \$9-million expense that taxpayers are footing for the luxury condo for Justin Trudeau's buddy Tom Clark living on quote Billionaires' Row in New York City. I hope Mr. Clark enjoys it until the day after the next election.

The Chair: Mr. Brock, go ahead.

Mr. Larry Brock: I'm sure we've all dabbled in real estate in our personal lives, if not professional lives, but my concern is that and there's always a cost attached to any assessment of fair market value.

The Chair: [*Inaudible—Editor*]

Mr. Larry Brock: I understand that, Chair. I just want to complete my thoughts.

There's always a cost to obtain an assessment. In the ordinary course of events, the Liberal government, or an agent of the Liberal government, would have negotiated the purchase of this extravagant, ultra-luxury penthouse on Billionaires' Row for \$9 million. There may or may not have been an assessment that was made privy to the agent who purchased the property on behalf of the Government of Canada, but unless it's in the government's possession, even if one exists, and unless the author of that assessment is a very generous individual or company, they are highly unlikely to release it to the government to comply with this order without a cost. The Liberal Party of Canada is in a position to pony up for a potential expenditure to comply with this particular order of committee, and my concern is it should not fall to the taxpayer.

• (1245)

The Chair: Mr. McKinnon, is your hand up?

Mr. Ron McKinnon: Yes, I just wanted to quibble about Mr. Barrett's comments. It's a purchase of a liquid asset. It is owned by the Government of Canada. It can be sold at some point and presumably at the value we captured. It is definitely not an expense by any acceptable accounting process.

I'll leave it at that. I also would suggest that we should allow our witnesses to leave if they don't want to stay.

The Chair: Maybe save that for your committee, Mr. McKinnon.

I'm sensing we're getting close, so I'm hoping we might be able to get one more round in with the witnesses, because I want to hear more from them.

Do we need to vote on Mr. McKinnon's subamendment? It sounds like we're in general agreement with basically providing those documents if they exist, as the clerk has read back. Are we fine with that? Do we need to vote on it, or can we accept it as is? I'm sensing we are accepting it by unanimous consent.

(Subamendment agreed to)

The Chair: We are now back to the original, now-amended motion, and thus to the amendment first. Are we fine with it?

(Amendment as amended agreed to)

The Chair: Wonderful.

We're back now to the amended motion. Are we fine with it, colleagues?

(Motion as amended agreed to [*See Minutes of Proceedings*])

The Chair: Wonderful.

I am glad we did not dismiss our witnesses. We are going back to our speaking order. I'm sincere about that, because I'm finding the time with Mr. Boots and Ms. Clarke fascinating, so I'm very happy that we can have them for a bit longer.

Mr. McKinnon, you are up now for five minutes with Professor Clarke and Mr. Boots. Go ahead, sir.

Mr. Ron McKinnon: Well, it turns out I'm glad we didn't release them as well.

Dr. Clarke, you mentioned a number of countries that have this problem nailed. I wonder whether you can give us the top three, in order of how they would be most useful for Canada to model.

Dr. Amanda Clarke: I don't know whether I can rank the top three just off the top, but when I look at countries that are generally succeeding in the quality of their digital services and modernization, vendor management and IT contracting are a big part of their strategy because, clearly, the answer here is not for everything to be built in-house. There's a lot of room, and there has to be room to have healthy relationships with these outside providers.

I mentioned a few examples of countries that are doing interesting work in this space. I'll offer up a few that come to mind. I know that, in Singapore, in speaking with a public servant there who works on their digital government initiatives, they have a practice of making sure that, whenever they work with a larger vendor that may not be a local firm, they have clauses in the contract that say that they have to bring along local firms to give them the opportunity to work on a government project, to help infuse more local economic development and to foster a really strong local tech ecosystem.

On the point of bringing in strong tech talent, we talked a fair bit already about the issue of salary disparities. Countries that are succeeding at bringing in that kind of talent to senior roles are taking some of the measures that Mr. Boots mentioned, like not strictly forcing these people into managerial roles when that's not where their passion and talent lie, but also really emphasizing the public mission of government. This is something that comes up constantly in interviews with technologists who choose careers in government despite the lower pay: It's really rewarding and meaningful to actually improve your country and help people get services that work. Pushing that message is really powerful and works very well, as examples, in the United States and in the United Kingdom, for bringing in technologists.

We talked a bit about the problems of revolving doors and sashaying from a career in government into these firms, and how that creates opportunities for, perhaps, inappropriate contracting. I also think we want to nuance that by noting that we still want to encourage a fluid interchange between the private sector and government, to acknowledge that it may not be realistic for those who have lucrative opportunities in the private sector to work an entire career in government, to make it easier to have more of those interchanges and to build up a really strong culture of seeing those outside players as not strictly the enemy while having strong rules and good organizational hygiene internally so that, when you do have that back and forth, you don't worry as much and don't need to be as concerned about conflict of interest or cronyism.

This came up, for example, when I spoke with public servants in Estonia, a globally recognized digital leader. They see the boundary between public and private as pretty fluid, and that's partially because they are a tiny nation and it's a small community. I asked them, "Aren't you worried about those folks leaving government and then using that to build the profit of a firm?" They said, "We all know each other. We have a high level of trust. We have strong rules in place and a very strong culture of good governance."

These are some of the things we want to focus on building in Canada. I think there are tons more. I think that the spending controls, which I mentioned, are needed in this case just as a hard stop on bad practices. That's another one....

• (1250)

Mr. Ron McKinnon: Singapore is a small island. Estonia is very small. It seems to me that dealing with problems there is quite different from a large country like Canada, with our vast geographical areas, communication issues and so on and so forth. Do you really think that those countries provide a solid model for us to follow?

Dr. Amanda Clarke: Mr. Boots, go for it.

Mr. Sean Boots: In relation to the question of who owns the software that's being built through government IT contracts, around intellectual property and the use of open-source software, there are some other really interesting examples of different countries doing really interesting things. A couple of examples of this that may be a bit more comparable to the Canadian geographic context are both Germany and France.

The Government of France, maybe a decade ago, declared in legislation that essentially all technology products bought and used by the federal government or by the national government in France

needed to be open-source. The term "open-source", I think, often makes you think of geeks writing code in the basement of a university, but open-source software is widely used by the private sector tech industry, governments, universities and organizations all around the world. It helps get around the situation in which you bought a product from a commercial software vendor that only they provide, and then you're just stuck with them for decades, which often happens with government technology products: We spend millions of dollars on a product from one vendor, and getting away from them is too difficult because they're too entrenched. That's a systemic problem that shows up a lot, so France has legislation that says, "When we're paying companies to build software for us, it needs to be reusable and licensed under an agreement that lets other departments, other parts of the government or even other countries use it." That's really important.

Germany recently launched what it calls the sovereign technology fund, which is essentially government funding to build digital software products that can be reused across the German government and other governments around the world so that they're not paying for the same software over and over again. There's this idea that, just as bridges, airports and ports create an infrastructure on which the economy functions, government-owned or open-source government-used software creates an infrastructure layer that lets services be delivered more efficiently, at a lower cost and more reliably.

There's a lot of interesting work happening to make software reusable. I think that, for Canada, you could imagine a future government introducing something like a "Don't Pay for the Same Software Twice Act" that enshrines this idea that if we're paying for some company to build a brand new piece of software—

• (1255)

The Chair: I have to ask you to wrap up, Mr. Boots. I'm sorry.

Mr. Sean Boots: That is not a problem. It's a topic I'm a bit too passionate about, so I appreciate the question a lot.

Thank you, Mr. Chair.

The Chair: When we bring the two of you back, if you'll come back after you produce your paper, I think we'll do an extended meeting just so we can have some more time for this.

We're going to do our final set of interventions.

I have Mr. Barrett for five minutes, please.

Mr. Michael Barrett: Ms. Clarke, before we left off I asked you about ministerial accountability because we saw situations like the Trudeau Liberals' arrive scam, companies like GC Strategies—a two-person operation working out of a basement—adding no value. Supposedly, they were to source resources to work on the project, but we learned from KPMG, which is a huge company, that KPMG was instructed by the public service that they would need to be a subcontractor of GC Strategies, adding 30% to the cost of it—and there were many of these cases.

Is the problem that no one is in charge anymore, so there's no one actually trying to evaluate whether we're getting value from these contractors, big or small? As you said, though the larger companies are the most successful at winning the bids, they're not necessarily providing the best value for money.

Value for money is a whole other conversation that we'll save for another day because there are far too many cases in which, as the Auditor General noted, we don't get value for money with the Trudeau Liberals' procurement process.

Dr. Amanda Clarke: I think the point around holding ministers to account for these kinds of failures is really important, and it's something that we've seen in other jurisdictions where there was a massive change in thinking about how to work with vendors and how to manage digital initiatives more generally. It's usually because there was a big political scandal and somebody was on the line, was held to account and there was a clear point of ministerial ownership.

This is a challenge in the Canadian case in that we have muddied ownership of all these questions. Is that not right? There are, first of all, many departments involved, like Public Services and Procurement Canada, Treasury Board. Now we have the Minister of Citizens' Services, Shared Services. ESDC is an owner of many of these, so how do we...?

To move beyond just the specific question of what happened with ArriveCAN, when there is an IT failure it can be really hard to locate whom to blame, but also, who's then sitting around the cabinet table, feeling like, "I'm responsible for this and I own this"? We had a minister of digital services in the past. We no longer have that role. I'm not sure that was necessarily the answer to this problem, but one thing that I think will be important to think about in future machinery-of-government configurations is, how do we create a clear locus of responsibility and accountability that answers questions in question period and actually can access the information they need to be responsible?

Of course, the other challenge around ministerial accountability on this particular file is that their ownership is so distributed and the decisions are happening in so many different ways that it's really hard to know who would be reasonably blamed for these things.

Mr. Michael Barrett: Right, and they shuffle the deck chairs on the *Titanic* so often that it's hard to know whose seat is whose. They had four PSPC ministers in four years, so it's really tough. They created a situation intentionally to make it harder to hold individual ministers to account. This Prime Minister established a system in which no one is held responsible in spite of their failures. He doesn't fire the ministers when they break ethics laws and fail Canadians.

You know, there's a list of two-person middlemen companies like GC Strategies, and it seems there are dozens of them. Solutions Moerae Inc. had two employees and got \$78 million in contracts; Messa Computing has one employee, got \$34 million; Mobile Resources Group has one employee, got \$28 million; Access Corporate Technologies has two employees, got \$9 million; Hackett Consulting has one employee, got \$8 million. They must have really worked overtime. What real value did they provide to Canadians for these hundreds of millions of dollars? Isn't it easy to say that they provided no value?

• (1300)

The Chair: Give a brief answer, please.

Dr. Amanda Clarke: I don't know what each of those firms did. I didn't look at the individual contracts or what their deliverables were, so I really can't comment on the value for money. However, I will say, in looking at the patterns we saw in the data, that we have very good reason to believe that the pooling of contracts in a small number of firms and also the general practices around how we manage IT procurement suggest that there would not be value for many of the IT contracts that we're striking, just even at the basic level of how much money is going into each of those individual contracts.

The Chair: Thanks.

Mr. Ehsassi, please go ahead for five minutes.

Mr. Ali Ehsassi: Thank you, Mr. Chair.

I share my time with MP McKinnon.

Mr. Ron McKinnon: Thank you, Mr. Ehsassi.

Mr. Boots, earlier on in the meeting we heard that projects that are too big to succeed are a problem. We need smaller projects, particularly for software. You emphasized that it's not so much about the projects but about the contracts. We need smaller contracts, of less than \$2 million or so in three years. It occurs to me, though, that this sidesteps the issue. If you have a large project in which you have some number of smaller subcontracts, you still have a large project, and someone has to define that project, analyze the components of it and then allocate those. Creating a whole number of subcontracts of less than \$2 million and so forth doesn't really solve the problem that we will probably have a larger overall project that is substantially more.

Mr. Sean Boots: It's a good perspective. In some ways, that's an illustration of the burdensome internal barriers that exist for public servants who are trying to get a procurement or an RFP out the door. It is so much work and so time-consuming to go through all of the paperwork steps to get there. That's one of the reasons that public service teams are so incentivized to have, instead of five small contracts, just one enormous contract with one of the really large vendors, who then will probably get a bunch of subcontractors and do work that's really hard to keep accountable.

I think breaking things into smaller contracts, as Professor Clarke spoke about, is a way of being more accountable to you if those contracts are actually delivering good value. If it's a contract for \$2 million for six months for some team and they do a bad job, you can drop them and move to the next vendor. But if you have a five-year-long contract for \$30 million with one company, even if they're doing a terrible job two years in, you're probably still stuck with them. It's too hard to extricate yourself. Breaking a thing into smaller contracts is a way of improving the quality of outcomes.

Around the overall cost of even large IT projects, one thing the private sector technology industry shows us is that you can have a massively popular software product used by millions of people for a fraction of the cost more than if it were used by only a few people. For example, if you're the team that launched Instagram 10 or 15 years ago, you probably had a team of five software developers. You built Instagram. The cost of running the team that built Instagram is the same if it had two people using it or if it had 300 million people using it. The only differential cost is a little bit of cloud computing infrastructure, which doesn't really cost much money nowadays. So the team of people building it is the most expensive part regardless of how much it's used.

That way of thinking really hasn't internalized itself into government software, where the idea is that this is used by millions of people, so we need a thousand-person team of contractors working on it. The truth is that you could build an equally high-quality product with a team of 10 or 15 at a fraction of the cost.

There is some great writing from Waldo Jaquith in the United States. I don't know if we've mentioned his work before. He has a great piece about "scrum team years", which is around this assumption that a large IT project in government surely must cost \$50 million. But what are you actually getting for \$50 million? A lot of paperwork.

To actually build the software that people will use, you might need one team. That might be \$1 million a year. You might need two teams. That's \$2 million a year. The costs are actually much lower than people are accustomed to in government IT. There's just this normalized idea that it's a large project affecting a lot of people, so it must cost a lot. It's hard to question that when that's established thinking on these types of projects.

• (1305)

Mr. Ron McKinnon: But are you still not committing to a large project that is substantially more than \$2 million? Within that context, it will be up to the vendor to decide how to manage it and whether to break that down into small sub-projects.

Mr. Sean Boots: That's a great question. I think the thing that is a cautionary tale, once you try to break a large project into small ones, is this idea of false incrementalism. Sometimes you see an idea where you'll take a large project and you'll say, "Here's phase one, here's phase two, here's phase three and here's phase four". The question that anyone in a leadership position should be asking is whether, when they did that, it was still useful if they only ever did phase one or two. If they just stopped there, would it still add public value?

Of course, if you're delivering software on a regular basis and actually shipping it out the door for the public to use and to get feed-

back so that people actually benefit from it, then it's still useful after only one phase or only two phases. If it's a five- or 10-phased project that's only useful at the very end, five years later, then you haven't actually broken it down. You've just given little labels to it. Actually shipping something out the door for the public to use—that's the real defining factor between genuinely breaking things into smaller pieces or false incrementalism where it looks like you did but it's not actually benefiting the public.

The Chair: Thanks very much.

We'll go to Mrs. Vignola, please.

[*Translation*]

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

Ms. Clarke, in 2022, it was estimated that at least 7,700 IT consultants worked in departments and earned an average of \$1,400 a day. I believe it was you who made that estimate. Some were making as much as \$2,800 a day.

First, do those rates match what the same IT consultants would earn in a private business, in your opinion?

[*English*]

Dr. Amanda Clarke: Do public sector salaries reflect the salaries that private sector consultants would make?

[*Translation*]

Mrs. Julie Vignola: Those 7,700 IT consultants were making \$1,400 a day on average as subcontractors for the government. If they worked for a private business, would they be paid the same rate, a lower rate or a higher rate?

[*English*]

Dr. Amanda Clarke: I don't actually have the data on that to know what the average consulting fee is for the private sector. It's a good question, though, to investigate whether it's more lucrative to work as a consultant with government versus contracting with a private firm.

We did find one thing really interesting. The Auditor General has been helpful in understanding how much we pay on average per day for a contractor versus an in-house government employee, and it is quite striking how much more expensive it is. Again, it's not to say that everything should be in-house; there's nuance there. Some roles should probably be in-house, like a product owner, for example. I mentioned Finland a few times. They don't have any coders in-house; they just outsource all of that. There's an efficiency in terms what type of role it is, as well.

[Translation]

Mrs. Julie Vignola: Thank you very much. You answered my second question. Public servants don't make that much.

Can this difference between public servants and IT subcontractors be explained, in whole or in part, by the fact that there may be one or more layers of intermediaries—

[English]

The Chair: I'm sorry. We're going to pause the time. We're just having issues with the interpretation.

Could you go ahead and speak a bit, Mrs. Vignola?

[Translation]

Mrs. Julie Vignola: Yes.

Can the difference in pay between consultants and public servants be explained, in whole or in part, by the fact that there are several layers of intermediaries, that is to say that subcontractors will select certain other subcontractors and divide the total amount among them?

• (1310)

[English]

Dr. Amanda Clarke: Possibly. We didn't look at that; we didn't have data around that in our research. It's a good question.

Mr. Boots, do you have any thoughts on that?

[Translation]

Mr. Sean Boots: One of the problems with the rate paid to the subcontractors is that if their daily rate is \$2,000, for example, presumably a lot of that money goes to the company they work for, if it's a large consulting firm. It's difficult to know how these amounts are divided up if there are several intermediaries, as you said, between the subcontractor hired and the individual who actually does the work.

Mrs. Julie Vignola: Thank you very much.

Ms. Clarke, you said that people who really had IT or programming skills, among other things, didn't necessarily want to have to fill out time sheets.

Would it be a good idea to have managers who specialize in monitoring technical contracts along with more traditional managers focused on human resources, and therefore have two categories of managers working hand in glove?

[English]

Dr. Amanda Clarke: I think we've often looked at it in terms of the career progression in the private sector and how you can continue to move up through the ranks in a tech firm, for example, getting more seniority and better pay while still doing the technical work.

Your point is, if I'm understanding it, whether there could be a more technical managerial route versus.... I hadn't thought about that.

Mr. Boots probably has, or at least has thoughts on how that could be operationalized based on what he has seen with his col-

leagues. He worked very closely with tech talent in government that could have run off to the private sector as well.

[Translation]

Mr. Sean Boots: It would be useful to have those two trajectories: human resource managers, on the one hand, and computer scientists at increasingly senior levels, on the other. A change like that would improve the quality of IT services in the public service.

The most important thing to note is that the IT occupational group in government includes both technical support officers, who are at the lower end of the scale, and cybersecurity or cloud computing experts, for example. We often hear IT officials suggest that the occupational group should be divided in two, so that there are experts in software development, cloud computing or cybersecurity, and then the more traditional IT positions, such as technical support officer, team manager and other services of that kind. There would be a great advantage to splitting that occupational group in two. It would make it easier to hire experts, who are not currently being offered a competitive salary.

[English]

The Chair: Thank you very much.

Ms. Blaney, you're batting cleanup for us today. The floor is yours, please, to finish us off.

Ms. Rachel Blaney: Thank you so much, Chair. I appreciate it.

This has just been so fascinating. As a member who isn't often on this committee, I have to say I've really enjoyed what I've learned.

One of the questions I'm asking both of you, because you have different expertise on this issue, is about finding the right balance between in-house and contracting out. That has come up a lot. How should we consider measuring that? What do we need to assess in that process?

I will say for the public service that they are on the precipice of defending taxpayer dollars and how they're spent. This is obviously not going very well right now, so what kind of policy do we need to really find that balance of in-house, and what is the justification behind it?

When we look at a lot of these issues, the problem is that, until there's a crisis, they are very hard to explain to people who vote in our country, and we want Canadians to have a better understanding of why we're doing what we're doing when we're in government. If you could give us a little bit of thoughtfulness around that, I would really appreciate it.

• (1315)

Dr. Amanda Clarke: It's a good question. There's some nuance, and I don't think there is a clear rule yet on what the ratio is between in-house versus outsourced. There are different approaches. As I mentioned, some governments really emphasize a fluid back-and-forth. Their focus is on a core of IT expertise in particular roles. The product ownership role is one, so it's something that is regularly cited to me as something that needs to be brought in-house.

Taking senior leadership and empowered proven technologists who've produced high-quality services and putting those folks into deputy minister-rank positions where they can actually influence how the rest of the work in their department unfolds seems to be an area where focusing on in-house is really important.

There's scope to think about this across departments. We work right now with the Canadian Digital Service, and that's something we haven't talked about yet today, but that is an important tool we could use more across the federal public service to bring in tech talent.

Many governments start out this journey of re-skilling or up-skilling by creating these small digital service teams at the centre, and then, over time, departments create their own digital service teams with the idea that they can pass on these methods and try to retrain internally.

However, there is no golden rule for how much of the work should be sent out to others to do and what should be kept in-house, with the exception, as I said, of how regularly the product ownership role comes up. The other one that regularly comes up when I speak to public servants about this issue is they feel very strongly that policy, vision, strategy and the objectives of a digitization initiative should be internal, and then the footwork can be fruitfully outsourced.

There are certain other areas where it's just not going to be reasonable to keep that expertise on hand, like the latest expertise in artificial intelligence or cybersecurity. This might be something where we want to turn more to external advisors and have a sufficient base of knowledge internally to be able to ask good questions and really scrutinize the advice they provide.

Mr. Sean Boots: I would add that there are two principles, regardless of what that ratio is. I think we agree that there should be

at least considerably more in-house tech talent than the current ratio. Regardless of what the perfect ratio might be, to me two principles come to mind. For technology products to succeed, you need better feedback loops. Part of that is public service culture. It's really hard, from the ground level on up, to share bad news up the chain. You can imagine stories about Phoenix, where people with their hands on the keyboards were like, "Wow, this is totally going to blow up." Of course, as that goes up the chain, it gets watered down every time. The project manager above them is like, "We're dealing with some issues, but it will totally turn out better", and then the layer above them says, "You know, aside from a few things, it seems great." By the time it gets to the deputy minister, it's glowing green lights all across the board. So figuring out ways to short-circuit the lag time or the telephone tag that happens between the technology folks doing the work and the decision-makers eight or nine layers above them is really important.

The other angle, as Professor Clarke mentioned, is around ministerial accountability in technology products in the federal government. It is so diluted and so diffuse, where any given project has so many external dependencies. For example, you have the team building the product, you have their contractors, you have Shared Services doing some things and you have TBS needing to get reports on other things. It is so hard to say, "Here's the team that's ultimately accountable at the end of the day. Here's the director. Here's the ADM. Here's the deputy minister. Here's the minister." It's just so diffuse. That is something where the more that you can reduce external dependencies, the more likely your project is to succeed. Cut SSC out of it and cut other groups out of it. Just have a good team and do the work. Fend off everyone else for as long as you can.

The Chair: Wonderful. That is our time.

Mr. Boots and Professor Clark, thank you sincerely for your time and your patience with us. If you have any reports, any links or any documents you wish to share, I do encourage you to send them in to the clerk, please. We'll get them translated and sent out to the members. I assure you that these would be very welcome. We look forward to perhaps welcoming you back again when your paper is published.

Again, thank you sincerely.

We are adjourned.

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