

**The Permanence of Temporary Services:
The Reliance of Canadian Federal Departments on Management & Policy
Consultants**

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Abstract:

The use of external consultants in government has been an increasingly important focus of attention in many countries, including Canada. Studies were undertaken in many countries in the 1990s and 2000s as legislatures and their accounting arms became concerned with the ‘hidden’ costs of the ‘corporatization’ of the public service and tried to expand benchmarking measures for government efficiency to take the cost of external consulting and professional service contracts into account. Accounting for these increases in expenditure on consultants, however, continues to face several critical challenges given the current state of governmental financial and personnel reporting and efforts to discern, for example, the merits of utilizing in-house vs external expertise. While parliamentary and government accounting office inquiries have not hesitated to conclude that in many cases more value would be gained by governments reducing the number of external contracts, in all cases the data on which these conclusions have been drawn is very weak, ironically, as is even acknowledged by the inquiries themselves. This paper examines preliminary data from a new dataset compiled from data released since the creation of the Federal Accountability Act in order to help clarify the situation in Canada.

Introduction

The use of external consultants in government has become an increasingly important focus of concern at the international level (ANAO 2001; House of Commons Committee of Public Accounts (UK) 2010) and Canada has also been part of this trend. The use of external consultants generates at least two correlated questions: how to control costs and how to assess the effect the use of consultants has on government activities. This is true of the use of consultants generally and more specifically, in their use in a policy capacity, the subject of this paper.

The impact of consultants on policy processes has become an increasingly important part of the ongoing assessment of policy work (Bakvis, 1997; Saint-Martin 2005; Speers, 2007; Howlett and Newman 2010). However the main thrust of most analyses of this phenomenon to date has been on the financial impact of contracts rather than their effects on officials abrogating responsibility for policy decisions or otherwise impeding or enhancing the policy capacity of the departments and agencies involved in their hire. For example, there are few studies of the long-term staffing and human capital effects that may develop as a result of contracting out policy advice on a regular basis (Riddell 2007).

This attention towards economic benchmarking can be partially explained by the fact that most of the supporting arguments for the use of external consultants found in the literature on the subject refer to their use as a mechanism to rationalize or reduce government expenses. Governments influenced by New Public Management (NPM) practices, for example, became ever more conscious of cost-accounting procedures and at least in a general sense tried to include more efficiency into government activities by increasingly shifting the public service away from administering programs to managing them in a new ‘service’ or contract state in which a variety of ‘contractees’ would actually deliver goods and services on government behalf (Freeman 2000; Vincent-Jones 2006; Butcher et al 2009). This move towards the ‘corporatization’ of public services was

somewhat successful in improving the classic cost accounting benchmarking measures for government efficiency (Bilodeau, Laurin, and Vining 2007) but is of limited use when exploring the policy effects of this change in government goods and service provision.

The data problems in this area of inquiry, especially but not limited to the latter area of policy-making, are acute. Perl and White (2002: 51), for example, in their path breaking 2002 study defined policy consulting as involving “the engagement of external analytical capacity by state actors to perform all or part of the strategic, research, assessment or evaluative tasks that comprise the functions of policy analysis.” However, while assessing the magnitude and contours of this engagement sounds straightforward, there is a long-standing problem in separating consultants hired to perform more rank-and-file jobs such as information technology consulting, or management consulting broadly writ, and those who actually can be classified as policy advisors or policy consultants. And many other problems also exist related to existing data collection techniques in government, which either do not cover relatively small contracts or which blend policy-related work together with other activities such as ‘professional services’ or ‘temporary work.’ And in many cases decisions about these reporting matters are left up to individual units, meaning whatever data exists is often idiosyncratic and it is very difficult to arrive at an accurate assessment of the scope and use of any kind of consultants, including policy ones, across government.

Fortunately, however, in recent years steps have been taken in Canada to deal with some of these issues, although often unintentionally and linked to government efforts at further cost efficiency or to contracting scandals and their aftermath. In a bid to rationalize and streamline the process of government procuring between April 2008 and January 2009, for example, Public Works and Government Services Canada (PWGSC), the main contractor for federal government contracts, consulted with industry within the scope of the "Task and Solutions Based Professional Services" (TSBPS) project to generate a more defined process of data collection on outside goods and service contracts. This process helped develop a set of shared rules controlling reporting across government agencies. However, this was mostly a business-oriented exercise, intended to facilitate the relationship between contractors and government. Generally speaking the typical relationship between government departments and agencies on the one hand and consultants on the other is often mediated through PWGSC. The Department or Agency develops a relationship with the consultant (in terms of work required, access to government data, deliverables, etc.) but reporting must comply with PWGSC standards.¹

Secondly, access to data about federal government contract expenditures has also recently been improved due to two developments linked to the 2004 scandal surrounding Quebec advertising contracts and the Liberal Party (“Sponsorgate”) (Gomery 2005; 2006). First, on March 23, 2004 the Federal government introduced rules of proactive disclosure according to which, beginning in October 2004 all contracts above \$10,000.00 would need to be published on government websites. This increased the number of contracts reported in detail, lowering the old limit of \$100,000. The second tool is the *Federal Accountability Act*, which came into effect on December 12, 2006.² The Act has legislative, procedural and institutional facets that are designed to increase the

¹ <http://www.tpsgc-pwgsc.gc.ca/app-acq/sp-ps/clients/achats-procurement-eng.html>

² The *Federal Accountability Act* and related information can be found at <http://www.tbs-sct.gc.ca/faa-lfi/default.asp>

transparency and accountability of all government spending including contracting. The Act, along with the new framework for procurement accounting procedures and the requirement to table an annual report were intended to improve these areas of disclosure. The Act also introduced other important changes related to contracting, for example with the creation of the [Office of the Procurement Ombudsman](#), which is tasked with addressing perceived fairness issues in the procurement area. The office, however, focuses upon ensuring a fair and competitive business environment for the companies that bid on government contracts. The federal government also created a new Management Accountability Framework (MAF) that lays out the Treasury Board's expectations of management best practices across all areas of government including contracting.

The new data and enhanced clarity provided by these developments is of use to researchers inquiring into the field of government contracting including policy-related consulting. However, it remains the case that most of the legislation aims more at the creation of transparent and efficient bureaucratic practices than at the development of benchmarking and analytical tools that would be helpful for the management and study of government personnel and especially policy personnel and significant data-related problems remain in this area of government activity. However, given the richer databases that we can now construct an additional area of analysis can be explored in terms of the relative reliance of federal administrative units in this type of contracts and we are also able to map what kind of contract mix these units rely on. I.e., which type of contracts are let by a certain agency.

The Field Until Now

Beyond a smattering of early pieces on the subject of contracting from the 1960s and 1970s (see for example Deutsch 1973 and Meredith and Martin 1970), studies of policy consultants' roles in Canada can be divided temporally into an initial set of primarily empirical works that were written at the end of the 1990s and a later set of more conceptual discussions about policy advisors and their impact from after 2000. The first set of studies tended to rely on anecdotal analysis and required the authors to mine relatively unspecified and un-detailed public accounts for numbers on the cost and pervasiveness of policy consultants at both the federal and provincial level (Bakvis 1997, 1997; Saint-Martin 1998a, 1998b; Perl and White 2002). The more recent crop of research looks at the role of policy analysts and advisors at both the provincial and federal levels using surveys and other data but deals with policy consulting only in passing (Howlett and Newman 2010; Howlett 2009; Prince 2007; Saint-Martin 2005, 2006; Speers 2007).³

Perl and White (2002: 52) in their 2002 study found the "evidence for a growing role played by policy consultants at the national government level is compelling in Canada" noting that annual, government-wide, expenditure on "other professional services" reported in the Public Accounts of Canada for fiscal years 1981-82 through 2000-01 showed "a continuous increase from C\$239 million in 1981-82 to C\$1.55 billion in 2000-01. This equates to a 647 per cent increase over twenty years. They found that Canada's spending on external policy consulting did not just grow in absolute terms, but also relatively as a share of total government expenditures and that "spending on external

policy consultants increased steadily from 0.35 per cent of total government expenditures in 1981–82 to 0.97 per cent in 2000-01, almost tripling Ottawa’s budgetary allocation to policy consulting” (Perl and White 2002: 53).

However, Perl and White also noted the poor nature of the data with which they had to work, and the difficulties this data entailed for the analysis of policy consulting. This was due to its aggregate nature, since it tended to combine together all kinds of professional services, many of which are, for example, in the information technology or geology or environmental areas, with little direct impact of public policy decision-making.

These and other similar problems were also highlighted by the Public Service of Canada in its own 2010 study of the use of temporary help services – including most consultants – in eleven Canadian public service organizations. That study provided some summary information on the kinds of contracts for temporary help services found in government agencies (see Table 1) and concluded that such temporary help services were often used “improperly” to address long-term resourcing needs. The study found two practices to be especially significant which resulted in the long-term use of temporary help services. The first was the use of full-time “temporary help” service contracts. The second was the “use of individual temporary help service workers in a continuous working relationship with the contracting organization, either by offering workers a series of temporary help service contracts or by using combinations of contracts and non-permanent appointments that fall under the PSEA, such as a term, casual or student appointments” (Public Service Commission 2010: 4).

Table 1 – Contracts for Temporary Help Services

Table 2: Contracts for temporary help services – Characteristics of contracts

| | | Number of contracts | Percentage (%) |
|--|-------------------------------|---------------------|----------------|
| Region | NCR | 2 708 | 85.2 |
| | Non-NCR | 472 | 14.8 |
| | Total | 3 180 | 100.0 |
| Category of temporary help worker¹ | Administrative/office support | 1 805 | 62.8 |
| | Operational/technical | 632 | 22.0 |
| | Professional | 439 | 15.3 |
| | Total | 2 876 | 100.1 |
| Job status | Full-time | 2 624 | 79.4 |
| | Part-time | 679 | 20.6 |
| | Total | 3 303 | 100.0 |
| Rate paid to temporary help service agency | \$20/h or less | 597 | 18.0 |
| | Between \$21 and \$40/h | 1 935 | 58.5 |
| | Between \$41 and \$99/h | 500 | 15.1 |
| | \$100/h or more | 284 | 8.6 |
| | Total | 3 316 | 100.2 |
| Amendments | 0 | 1 151 | 29.3 |
| | 1 to 2 | 1 841 | 46.8 |
| | 3+ | 941 | 23.9 |
| | Total | 3 933 | 100.0 |

Source: Temporary help service contracts, 2007-2008

Note: Total number of contracts differ because of missing or poor quality data. Total percentage may not equal 100 due to rounding. See Table 5 in Appendix 1 for details.

¹ www.tpsgc-pwgsc.gc.ca/app-acq/sat-ths/classifications-eng.html

Source: Public Service Commission 2010: 13

The study found that nearly one in five of the contracts reviewed (18.4%) were for durations exceeding 52 weeks, the longest being 165 weeks. And significantly, it found that the use of such long-term contracts were more common for professional and technical workers than for administrative workers. Also significant in terms of a continuous working relationship, 16.3% of temporary help workers in these organizations were appointed to a public service position by the same organization in which they held their contracts within the two-week period prior to and/or subsequent to their contract (Public Service Commission 2010: 4).

Overall, the study found the growth of personnel contracts to be rapid and increasing in recent years (Public Service Commission 2010: 5), and identified four common rationales provided by employers for this growth: increased workload (50.8%); coverage during staff activities (21.1%); staff shortages (10.5%); and covering for employee leaves (9.8%) with the rest (7.8%) being other areas (Public Service Commission 2010: 23).

The study concluded that:

“long-term resourcing needs should be addressed through staffing mechanisms pursuant to the PSEA. In our opinion, the study reveals an additional workforce within the public service — one that is not subject to the PSEA, and that is used for long-term and continuous work” (Public Service Commission 2010: 3)

Although policy consultants were included in this study and it can be anticipated that similar practices exist in their employment, the PSC study, like the public accounts data surveyed by Perl and White, did not specifically break out policy consultants from other kinds of temporary help – in this case such as office workers and receptionists – and also did not distinguish between kinds of consultants – managerial, professional, policy and others.

MacDonald (2011) also encountered serious data limits in arguing that a trend to increased contracting was intensifying as federal government departments initiated measures to “cut expenditures in an age of austerity” (MacDonald 2011: 5). He found the cost of federal personnel outsourcing of temporary help, IT consultants and management consultants since 2005-2006 to have ballooned by almost 80%, to nearly \$5.5 billion over the period.

MacDonald was more precise in his analysis of the types of tasks involved in such contracts than was the Public Service Commission, identifying the ten top contract areas as a range of professional and other services (see Table 2). Several of these areas were not policy related, but one of the largest – “Management Consulting” – does have large policy effects and attributes (Perl and White 2002). In general Macdonald found contract costs in this area to be increasing, although not at as rapid a pace as others, such as IT consulting (see Table 3 and Figure 1).

Table 2 – Top 10 Contract Areas 2005-2010

FIGURE 1 Top 10 Contract Areas (April 2005 to June 2010)

| Description | Total (April 2005 to June 2010) |
|--|---------------------------------|
| Other Professional Services | \$ 3,833,835,461 |
| Architectural and Engineering Services | \$ 3,629,932,477 |
| Computer Equipment | \$ 3,319,088,496 |
| Management Consulting | \$ 2,422,039,296 |
| IT | \$ 2,179,246,399 |
| Business Services | \$ 1,329,298,953 |
| Telephone and Voice Services | \$ 1,085,863,138 |
| Software | \$ 988,382,443 |
| Temporary Help | \$ 845,899,781 |
| International Development Goods & Services | \$ 697,115,212 |

SOURCE Proactive Disclosure

Source: MacDonald 2011: 8

Table 3 – Contracts by Type 2005-2010

FIGURE 3 Public Accounts Cover More Than Just Personnel¹⁵

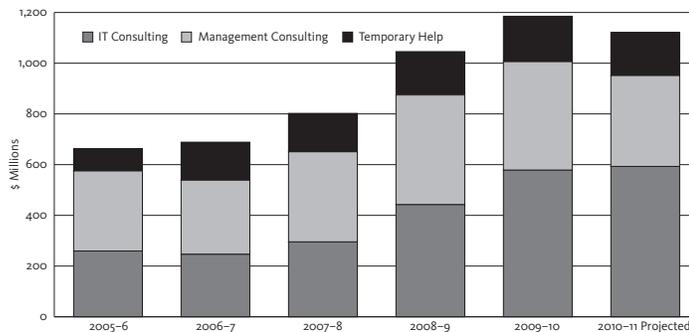
| | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
|-----------------------|----------------|------------------|------------------|------------------|------------------|
| Informatic Services | \$ 534,674,831 | \$ 712,917,727 | \$ 701,694,381 | \$ 667,913,322 | \$ 682,367,138 |
| Management Consulting | | \$ 442,951,193 | \$ 451,660,696 | \$ 368,682,609 | \$ 461,060,403 |
| Temporary Help | | \$ 276,539,411 | \$ 309,532,906 | \$ 315,613,894 | \$ 266,237,587 |
| Total | | \$ 1,432,408,331 | \$ 1,462,887,983 | \$ 1,352,209,825 | \$ 1,409,665,128 |

SOURCE Public Accounts of Canada: Professional and Special Services

Source: MacDonald 2011: 10

Figure 1 – Costs of Outsourcing

FIGURE 2 The Costs of Outsourcing



SOURCE Proactive Disclosure

Source: MacDonald 2011: 9

MacDonald also was more specific about where growth in contracting was occurring, finding the growth in personnel outsourcing to be concentrated in four large departments — Public Works and Government Services Canada, National Defence and Canadian Forces, Human Resources and Skills Development, and Public Safety and Emergency Preparedness — which together made up half of all federal government outsourcing. Their payrolls increased by only 9% since 2005–06, but their personnel outsourcing costs rose by 100% (MacDonald 2011: 5) (see Table 4).

Table 4 – Payroll vs Outsourcing Growth 2005-2010

FIGURE 6 What Grew More: Payroll or Outsourcing? (\$ Millions)³⁰

| Department | Total Outsourcing in 3 focus areas since 2005-06 | 2005-06 Outsourcing for 3 focus areas | 2009-10 Outsourcing for 3 focus areas | Outsourcing Growth | 2005-06 total of all Personnel costs | 2009-10 total of all Personnel costs | Personnel Growth 05-06 to 09-10 |
|--|--|---------------------------------------|---------------------------------------|--------------------|--------------------------------------|--------------------------------------|---------------------------------|
| PUBLIC WORKS AND GOVERNMENT SERVICES | \$ 1,066.2 | \$ 176.3 | \$ 230.4 | 31% | \$ 1,044.2 | \$ 1,008.3 | -3% |
| NATIONAL DEFENCE | \$ 681.5 | \$ 98.7 | \$ 149.1 | 51% | \$ 7,202.9 | \$ 8,784.0 | 22% |
| HUMAN RESOURCES AND SKILLS DEVELOPMENT | \$ 600.0 | \$ 35.1 | \$ 120.0 | 242% | \$ 1,733.2 | \$ 1,656.4 | -4% |
| Human Resources and Social Development Canada (HRSDC) | \$ 442.6 | | | | | | |
| Service Canada | \$ 157.0 | | | | | | |
| PUBLIC SAFETY AND EMERGENCY PREPAREDNESS | \$ 376.1 | \$ 46.0 | \$ 83.8 | 82% | \$ 4,514.9 | \$ 5,523.4 | 22% |
| Canada Border Services Agency (CBSA) | \$ 137.9 | | | | | | |
| Correctional Service of Canada | \$ 120.7 | | | | | | |
| Royal Canadian Mounted Police (RCMP) | \$ 77.2 | | | | | | |
| Public Safety Canada and Emergency Preparedness Canada | \$ 34.1 | | | | | | |
| CANADA REVENUE AGENCY | \$ 345.4 | \$ 52.3 | \$ 95.3 | 82% | \$ 2,629.7 | \$ 2,845.4 | 8% |
| TRANSPORT | \$ 302.6 | \$ 20.5 | \$ 57.2 | 179% | \$ 469.3 | \$ 502.7 | 7% |
| Transport Canada | \$ 281.8 | | | | | | |
| Infrastructure Canada | \$ 18.3 | | | | | | |
| HEALTH | \$ 264.0 | \$ 31.3 | \$ 57.8 | 85% | \$ 901.0 | \$ 1,057.4 | 17% |
| Health Canada | \$ 178.5 | | | | | | |
| Public Health Agency of Canada | \$ 75.2 | | | | | | |
| INDUSTRY | \$ 258.0 | \$ 43.4 | \$ 49.7 | 15% | \$ 1,415.1 | \$ 1,297.7 | -8% |
| Industry Canada | \$ 155.9 | | | | | | |
| National Research Council Canada | \$ 48.1 | | | | | | |
| Statistics Canada | \$ 21.6 | | | | | | |
| Canadian Space Agency | \$ 18.3 | | | | | | |
| Average | | | | 96% | | | 8% |

SOURCE Proactive Disclosure, Public Accounts (Volume II) and Main Estimates (Part II)

Source: MacDonald 2011: 14

And looking at the supply side of the contracting equation, MacDonald also found the industry to be quite concentrated with the top ten contracting companies accounting for a large share of total contracts in these Departments (see Table 5 below).

Table 5 – Top 10 Outsourcing Companies 2005

FIGURE 7 Top 10 Outsourcing Companies (\$ Millions)

| Company Name | Total FY2005– | IT | Management | Temporary Help | Departmental Focus (% of outsourcing) |
|------------------------------------|---------------|-----------------|-----------------|-----------------|---------------------------------------|
| CGI Information Systems | \$ 549.5 | \$ 531.3 | \$ 16.5 | \$ 1.7 | CRA (45.2%) |
| Calian Ltd. | \$ 450.0 | \$ 11.5 | \$ 427.8 | \$ 10.7 | DND (95.5%) |
| Resolve Corporation | \$ 270.4 | - | \$ 270.4 | - | HRSDC (100%) |
| IBM Canada | \$ 230.7 | \$ 202.3 | \$ 27.9 | \$ 470.5 | PWGSC (45%) |
| Altis Human Resources Inc. | \$ 120.6 | \$ 2.0 | \$ 5.7 | \$ 112.8 | Transport Canada (39.5%) |
| Brainhunter Ottawa | \$ 116.8 | \$ 96.2 | \$ 13.5 | \$ 7.1 | |
| Excel Human Resources | \$ 111.4 | \$ 18.3 | \$ 7.2 | \$ 85.9 | |
| Coradix Technology Consulting Ltd. | \$ 86.7 | \$ 68.9 | \$ 11.5 | \$ 6.4 | |
| Oracle Corporation Canada | \$ 85.0 | \$ 84.7 | \$ 200.2 | - | PWGSC (88.9%) |
| Ajilon Canada | \$ 83.0 | \$ 66.4 | \$ 12.0 | \$ 4.6 | |

SOURCE Proactive Disclosure

Source: MacDonald 2011: 15

However, while interesting and revealing about general trends in government contracting, this study, like the PSC and Perl and White studies, which preceded it, is only of limited value in highlighting trends in *policy* consulting. Although such studies give an overall feel for how the processes of contracting out of personnel activities has progressed at the federal level, as Perl and White (2002) noted, moving beyond generalities requires the provision of much more detailed and specific information on contracts so that those consultants specifically relating to policy work can be identified and analyzed.

New Data From Canada Post 2004: Origins and Limits

The datasets now available for this type of research in the Canadian system are well summarized by MacDonald (2011: 22-23) and include three different and non-homologous sources: (1) the MERX database (a database for public tendering of government contracts) which was used by the PSC in its study and is updated on a continuous basis but only contracts over \$25,000.00 appear here and are not disaggregated by type. In General, MERX disaggregates by area (i.e., Construction, Goods and Services) and then in subcategories the closest to policy consulting being Professional, Administrative and Management Support Services, but including Operation of Government-Owned Facilities, R&D, Special Studies and Analysis - (Not R&D), Communications, Photographic, Mapping, Printing and Publication Services and so forth. Thus this database is not specific enough to allow for the enhanced level of detail required; (2) The Public Accounts of Canada, published every year by Public Works and Government Services Canada which was used by Perl and White provide a complete image of governmental spending on outsourced contracts but offer the least detailed image of this spending because they provide data only on individual contracts exceeding \$100,000.00 and often in a aggregate form as “professional services”; and (3) a new Proactive Disclosure data set which MacDonald used and which is the most detailed because every contract above \$10,000.00 is noted along with individual amendments to contracts. Contracts under \$10,000.00 are not reported here but are captured in the Public Accounts albeit in aggregate form by reporting unit.

In the Public Accounts and Proactive Disclosure datasets “policy” consultants generally are listed in data on Management Consulting (Coded as 0491 by the Federal Government using standards TBS codes). This is not quite as disaggregated as we may wish the data to be as Policy Consultants only make up a part of this category, which is defined by the Treasury Board Secretariat as “Consulting services for financial management, transportation, economic development, environmental planning, public consultation and other consulting services not specifically mentioned in other objects.”⁴

Our research began with a comparison of Public Accounts and Proactive Disclosure data on this category at the federal level along with inquiries to Provincial government concerning their approach to the same issue. There was considerably less success in terms of collecting data for the Provincial side. In fact, most provinces do not collect information in any detailed fashion regarding the use of consultants. The best available data for the Federal government spending on Management Consulting is located in the Proactive Disclosure sites that every Department and Agency now maintains. All expenditures are coded according to general spending categories. Despite PSGWC entreaties DND does not use the same category for its accounting. Nevertheless, working with this subset of data provides a better picture of the likely nature of changes and developments in policy consulting that can be gathered from studies such as the PSC or MacDonald dealing with temporary help or contracting in general (Saint Martin, 1998 and 2006).

Some additional caveats on the data should be noted, however. We collected from the Proactive Disclosure websites the amounts year over year for the period between 2003-2004 and 2013-2014. However, the last full set of contract data is available at the time of writing only for the Third Quarter of the 2011/2012, so data past this date only contains adjusted figures for multiple year contracts that extend in the future. Furthermore, a new definition of the category “Other Professional Services – Management Consulting (0491)” was introduced in 2006 and is consistent only since 2006/2007, hence truly comparable data span only the period between 2006/2007 and 2010/2011. Our efforts to obtain a formula that would allow us to ‘reverse engineer’ data for previous fiscal years were unsuccessful. Various Departments and agencies provide data for previous years under the 0491 category but it is unclear (and unlikely) that these were reconciled with the new definition. As such, these are important but most likely imperfect comparative proxies. A third caveat is that multi-year contracts were distributed annually according to the number of months that the contract covered, which may not correspond.⁵

The Demand Side

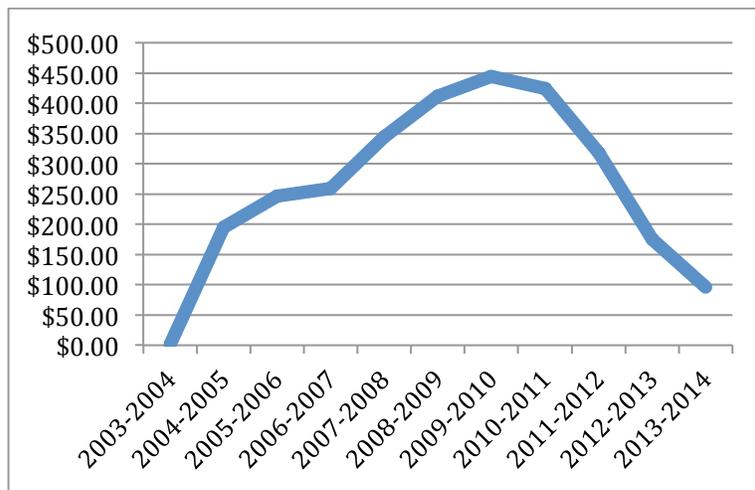
Table 8 provides the trend for the total amounts of all contracts in the 0491 category from 2003-2014. Figure 2 shows the growth in the category over the period.

⁴ The individual contracts appear in individual web pages generally detailing the name of the company/vendor to whom it was awarded, the contract’s reference number, the contract date and contract period and whether or not the contract was amended at any point in time. In general, however, these pages do not specify the type of work actually performed besides indicating whether or not it did fit within the 0491 category therefore providing very little indication of whether it was within the policy consultancy area.

⁵ For example if a contract covered two fiscal years and was awarded for a sum of \$100,000.00, each year was assigned \$50,000.00. Of course this is arbitrary and therefore we also have calculated sums according to the date in which the contract was let (i.e., concentrating the \$100,000.00 in the first fiscal year) but the former process allowed us to have a more ‘normalized’ map of this spending.

This figure shows a pattern of rapid growth through to 2009-2010 and then a decline after that date. However it should be noted that reporting issues explain a large part of the decline that begins with the 2010-2011 fiscal year. On the one hand, at the moment of writing data for the 2011-2012 fiscal year was only available up to the Third Quarter. On the other, all of the data for the period after 2011-2012 solely reflect multi-years contracts extended in the future that we have averaged out over the life of the contract. Hence, in the key 2006-2011 period the data shows only a decline in the 2010-2011 period.

Figure 2 - Management Consulting Total Expenditures in the Federal Government of Canada 2003-2014 in Million of Canadian Dollars



Source: Proactive Disclosure (various websites). Please note that at time of writing the latest contracts posted were for the Third Quarter of 2011/2012.

Table 6 - Management Consulting Total Expenditures in the Federal Government of Canada

| Fiscal Year | Contract Amounts | As percentage of whole period 2003/4 to 2013/14 | Year over Year change |
|-------------|------------------|---|-----------------------|
| 2005-2006 | \$246,459,318.44 | 8.33% | 26.31% |
| 2006-2007 | \$258,845,744.66 | 8.75% | 5.03% |
| 2007-2008 | \$344,880,621.53 | 11.66% | 33.24% |
| 2008-2009 | \$411,480,875.17 | 13.91% | 19.31% |
| 2009-2010 | \$444,795,917.27 | 15.04% | 8.10% |
| 2010-2011 | \$423,961,320.54 | 14.34% | -4.68% |
| 2011-2012 | \$317,831,192.13 | 10.75% | -25.03% |

Source: Proactive Disclosure (various websites). Please note that at time of writing the latest contracts posted were for the Third Quarter of 2011/2012.

This data fits with the general picture for temporary help and contracts in general set out by the PSC and MacDonald in their reports.

Tables 7 and 8 and Figure 3 show this growth to have emerged in a relatively small number of Departments among the almost 80 for which we collected data.⁶ In fact the top 16 units account for over four fifths of the yearly expenditures (See Appendices for complete data set).

Table 7 - Top 16 Federal Administrative Units by Expenditures in Category 0491 – Million Dollars

| | 2006-2007 | 2007-2008 | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | Total |
|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| <i>Department</i> | \$258.84 | \$344.88 | \$338.50 | \$411.48 | \$423.96 | \$317.83 | \$2,201.79 |
| Agri-Food | \$12.20 | \$10.45 | \$6.68 | \$5.76 | \$5.54 | \$3.31 | \$43.96 |
| CRA | \$4.95 | \$3.03 | \$3.51 | \$3.67 | \$3.04 | \$1.53 | \$19.75 |
| Environment Canada | \$13.65 | \$17.93 | \$16.69 | \$22.46 | \$24.88 | \$10.93 | \$106.55 |
| F&O | \$8.10 | \$8.74 | \$10.12 | \$12.42 | \$13.65 | \$5.95 | \$58.99 |
| DFAIT | \$1.65 | \$3.95 | \$8.47 | \$12.74 | \$16.73 | \$6.26 | \$49.82 |
| DND | \$0.99 | \$2.18 | \$6.83 | \$34.68 | \$40.83 | \$38.12 | \$123.66 |
| Health | \$12.30 | \$16.36 | \$15.65 | \$15.30 | \$12.55 | \$11.80 | \$83.99 |
| HRSDC | \$32.23 | \$61.29 | \$61.71 | \$62.20 | \$57.05 | \$52.53 | \$327.029 |
| INAC | \$15.87 | \$11.38 | \$14.50 | \$32.18 | \$31.70 | \$11.29 | \$116.93 |
| Industry Canada | \$12.15 | \$11.96 | \$17.53 | \$11.73 | \$13.25 | \$9.88 | \$76.52 |
| NRC | \$4.74 | \$5.83 | \$5.97 | \$5.54 | \$3.84 | \$3.70 | \$29.64 |
| Natural Resources | \$5.55 | \$7.50 | \$5.82 | \$3.82 | \$7.48 | \$2.05 | \$32.23 |
| PWGSC | \$64.56 | \$106.53 | \$145.00 | \$132.77 | \$105.93 | \$104.83 | \$659.65 |
| Service Canada | \$9.54 | \$7.63 | \$13.47 | \$25.90 | \$24.83 | \$16.00 | \$97.37 |
| Transport Canada | \$12.84 | \$17.65 | \$26.52 | \$15.17 | \$15.62 | \$8.56 | \$96.38 |
| TBS | \$10.69 | \$6.38 | \$3.35 | \$4.19 | \$4.92 | \$5.47 | \$35.03 |
| Subtotal for Group | \$222.06 | \$298.84 | \$361.88 | \$400.62 | \$381.90 | \$292.26 | \$1,957.59 |

Source: Proactive Disclosure (various websites). Please note that at time of writing the latest contracts posted were for the Third Quarter of 2011/2012. Please note that PWGSC, HRSDC, Service Canada's and DND's totals are affected by three very large contracts (\$407M, \$270M, \$67M and \$108M respectively). See Appendix II for full data set)

If we correct for the large contracts awarded to PWGSC, HRSDC, Service Canada's and DND these Departments would rank rather differently in this table. While only DND would drop out of it (having now only a \$15 million total) Service Canada would only show a \$30 million total, HRSDC a \$57 million and PWGSC \$252 million.

⁶ It should be noted that National Defense and the Canadian Forces does not use the 0491 code. We are currently trying to develop a comparable definition.

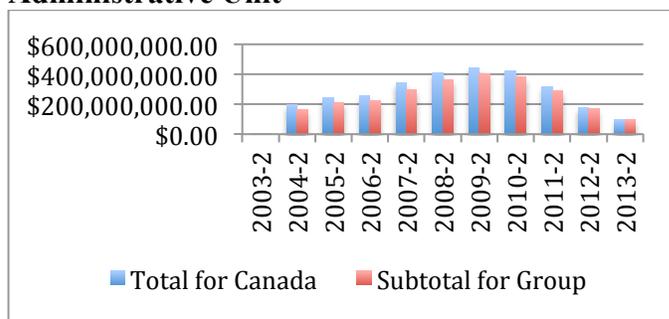
Table 8 - Top 16 Federal Administrative Units by Expenditures in Category 0491 – Percentage of Total

| | 2006-2007 | 2007-2008 | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 |
|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | \$258,845,744.66 | \$344,880,621.53 | \$338,500,444.91 | \$411,480,875.17 | \$423,961,320.54 | \$317,831,192.13 |
| Department | | | | | | |
| Agri-Food | 4.71% | 3.03% | 1.63% | 1.30% | 1.31% | 1.04% |
| CRA | 1.92% | 0.88% | 0.85% | 0.83% | 0.72% | 0.48% |
| Environment Canada | 5.27% | 5.20% | 4.06% | 5.05% | 5.87% | 3.44% |
| F&O | 3.13% | 2.53% | 2.46% | 2.79% | 3.22% | 1.87% |
| DFAIT | 0.64% | 1.15% | 2.06% | 2.86% | 3.95% | 1.97% |
| DND | 0.39% | 0.63% | 1.66% | 7.80% | 9.63% | 12.00% |
| Health Canada | 4.75% | 4.75% | 3.81% | 3.44% | 2.96% | 3.72% |
| HRSDC | 12.45% | 17.77% | 15.00% | 13.99% | 13.46% | 16.53% |
| INAC | 6.13% | 3.30% | 3.52% | 7.24% | 7.48% | 3.55% |
| Industry Canada | 4.69% | 3.47% | 4.26% | 2.64% | 3.13% | 3.11% |
| NRC | 1.83% | 1.69% | 1.45% | 1.25% | 0.91% | 1.17% |
| Natural Resources | 2.14% | 2.18% | 1.41% | 0.86% | 1.77% | 0.64% |
| PWGSC | 24.94% | 30.89% | 35.24% | 29.85% | 24.99% | 32.98% |
| Service Canada | 3.69% | 2.21% | 3.27% | 5.82% | 5.86% | 5.03% |
| Transport Canada | 4.96% | 5.12% | 6.45% | 3.41% | 3.68% | 2.69% |
| TBS | 4.13% | 1.85% | 0.82% | 0.94% | 1.16% | 1.72% |
| | | | | | | |
| Subtotal | 85.79% | 86.65% | 87.94% | 90.07% | 90.08% | 91.96% |

Source: Proactive Disclosure (various websites). Please note that at time of writing the latest contracts posted were for the Third Quarter of 2011/2012.

As Figure 3 shows, the high percentage of contracts in these units has remained consistent over the entire period examined.

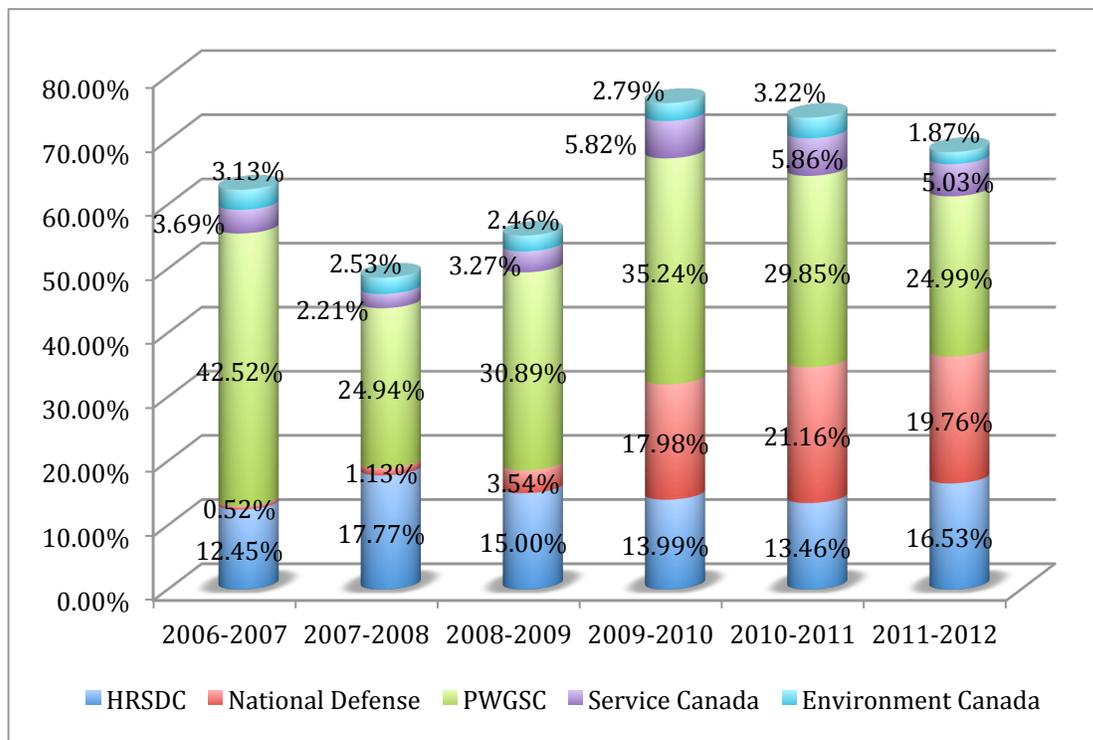
Figure 3 - Expenditures in Management Consulting. Total and Top 16 Federal Administrative Unit



Source: Proactive Disclosure (various websites). Please note that at time of writing the latest contracts posted were for the third Quarter of 2011/2012.

However, even within these ‘heavy spenders’ we can further narrow down the field to a handful of historically dominant players: Service Canada, Environment Canada, Human Resources and Development Canada (HRSDC), DND and Public Works and Government Services Canada (PWGSC). Two Departments accounted for about half the contract expenditures. These were PWGSC, which alone accounted for about 1/3 of the contracts and HRSDC, which accounted for approximately 15% of all contracts in this area. DND was the next largest at about 12% (although spending here became significant only with the 2009/2010 fiscal year) and Service Canada then followed but accounted for only about 5% of all contract expenditures as did Environment Canada (see Figure 4), so that these five Departments accounted for roughly 70-75% of expenditures on management consultants in the entire Federal government. These Departments have a constantly important presence within the spending envelope for Management Consulting even when we limit our analysis to the 2006/2007 to 2010/2011 period for which data is strictly comparable.

Figure 4 - Select Management Consulting Spending – Percentage



Source: Proactive Disclosure (various websites). Please note that at time of writing the latest contracts posted were for the third Quarter of 2011/2012.

These are the same units as highlighted in MacDonald (Table 10). It should be noted, however, that these amounts also include three large multi-year contracts that skew the final amounts. Starting with the 2009/2010 fiscal year, expenditure for the National Defense Department increased manifold. The pattern is one of increased numbers of contracts being awarded to companies. This is also when a large multi-year contract was

awarded to Calian Ltd for a total of \$108 million. The contract accounts for an adjusted amount of over \$20 million per year. This represents, depending on the years, an amount varying between 50% and 58% of the Department's total. For PWGSC a multi-year contract beginning in 2006/2007 and averaging an adjusted amount of \$57.5 million per year accounts, depending on the year, for between 40% and 55% of the total for the Department. Within HRSDC Resolve Corporation was awarded a \$270M contract spanning the period between the third quarter of the 2008/2009 and the third quarter of the 2010/2011 fiscal years. Adjusted for full fiscal years this means an average of \$42M, which is over two thirds of the total expenditure for the Department during this period. Finally, Service Canada awarded a contract to Quantum Management Systems, which has an adjusted value for 2009/2010 and 2010/2011 of over \$22 million. This accounts for over 85% of the expenditure for these years. Because these contracts are in statistical terms outliers, below we present disaggregated data for these Departments that exclude them. However, it seemed important to note their effect on spending patterns.

The Supply Side

According to Saint-Martin (2005; 2006) the size of the companies is relevant to the nature of the contract system and the second part of our analysis refers to the supply of consultants and breaks down these contracts by company. Also of interest is the size of the contracts and their continuous nature re: SMES and alternatives to government hiring. In particular, the size of the contracting units, the continuous use of specific companies to fill particular areas of demand, and so forth are issues that as Macdonald (2011) highlighted can skew the nature of contracting.

An initial inventory of the Proactive data in the 0491 category yielded 10,298 companies that had been awarded at least one contract for a total over the whole period of almost \$3 Billion.⁷ The range of payments for these contracts went from a low of \$6,300.00 to a high of \$419,026,819.15. However only 28 companies billed a total above \$10 million and only 65 billed above \$5 million. Table 9 shows the companies billing over \$10 million during this period while Table 11 shows the percentage of the total billings for which they accounted.

Table 9. Select Companies by Amounts Billed (2003/2004 to 2013/2014)

| Standardized Company Name | Company Amounts |
|------------------------------------|------------------------|
| Bell Corporation | \$419,026,819 |
| Resolve Corporation | \$270,659,325 |
| Hewlett-Packard | \$159,831,777 |
| Calian Ltd. | \$135,211,930 |
| Quantum Management Services Ltd. | \$70,744,576 |
| IBM - Business Consulting Services | \$46,111,845 |
| EDS Canada Inc. | \$45,709,296 |
| Corporate Research Group (CRG) | \$37,147,386 |
| Deloitte & Touche Consulting Group | \$31,062,017 |
| Interis Consulting | \$25,219,079 |

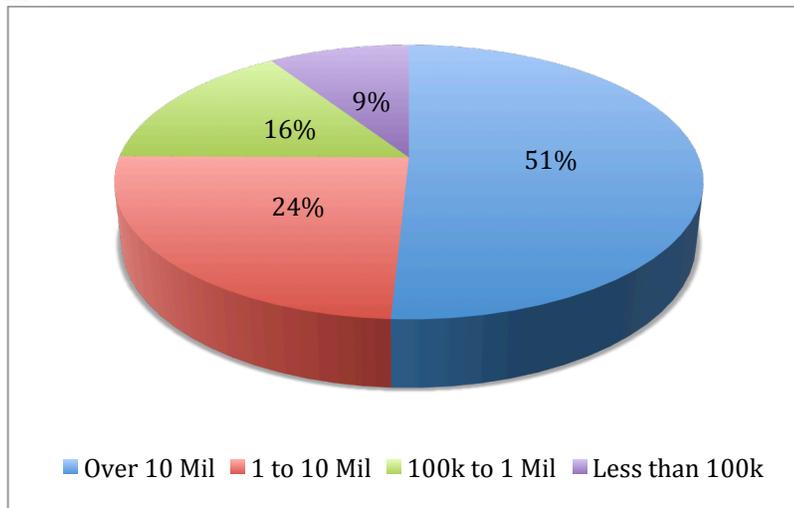
⁷ The Proactive Disclosure websites also featured about 80 companies that had been awarded standing offers for which no amount had been expended.

| | |
|---|--------------|
| KPMG Consulting | \$24,672,561 |
| CGI Information and Management Consultants Inc. | \$20,045,718 |
| Price Waterhouse Coopers | \$20,037,679 |
| IT/NET Consultants Inc. | \$18,221,990 |
| Brainhunter Inc. | \$17,748,172 |
| Maplesoft Consulting Inc. (MCS) | \$17,589,454 |
| Coradix Technology Consulting Limited | \$15,297,325 |
| DAMA Consulting Services Limited | \$13,942,338 |
| Veritaag Technology House Inc. | \$13,871,057 |
| Goss Gilroy Inc. Management Consultants | \$11,968,771 |
| DARE H.R. Group | \$11,963,493 |
| Ajiilon Consulting | \$11,374,111 |
| Delta Partners (168446 Canada Inc.) | \$11,368,790 |
| R.A. Malatest & Associates | \$11,074,695 |
| Valcom Consulting Group Inc. | \$10,912,097 |
| ADGA Group Consultant Inc. | \$10,332,361 |
| Artemp Personnel Services Inc. | \$10,102,221 |
| Excel Human Resources | \$10,056,825 |

Source: Proactive Disclosure (various websites). Please note that at time of writing the latest contracts posted were for the Third Quarter of 2011/2012.

From this set of data we can see that only the first few companies actually held a significant percentage of the total amount billed. In particular, the top four companies billed about \$985M or about one third of the total billings over the period. The 29 companies that billed over \$10M accounted for over \$1.5B or about half the total billings (see Figure 5).

Figure 5 – Distribution of contracts by value awarded to individual companies



Source: Proactive Disclosure (various websites). Please note that at time of writing the latest contracts posted were for the Third Quarter of 2011/2012.

When we examine the way in which the various categories divide the contracts let by the federal government we see that 75% of the entire amount was granted to companies billing over \$1 million over the period, with a large portion (51%) going to companies that billed over \$10 million (For the complete dataset see Appendix III and Appendix IV). From our analysis we can see that a handful of companies end up dominating the financial landscape of management consulting for the federal administration (see Tables 10 and 11)

Table 10 – Distribution of Contract Values by Dollar Amount and Percentage

| | Value | Percentage |
|-----------------|------------------|------------|
| Bell Corp. | \$419,026,819.15 | 14.18% |
| Resolve Corp. | \$270,659,325.04 | 9.16% |
| Hewlett-Packard | \$159,831,776.74 | 5.41% |
| Calian Ltd. | \$135,211,930.15 | 4.58% |
| 10-100 Mil | \$516,573,858.57 | 17.48% |
| 1 to 10 Mil | \$719,007,886.53 | 24.34% |
| 100k to 1 Mil | \$461,980,777.17 | 15.64% |
| Less than 100k | \$272,184,031.86 | 9.21% |

Source: Proactive Disclosure (various websites). Please note that at time of writing the latest contracts posted were for the Third Quarter of 2011/2012.

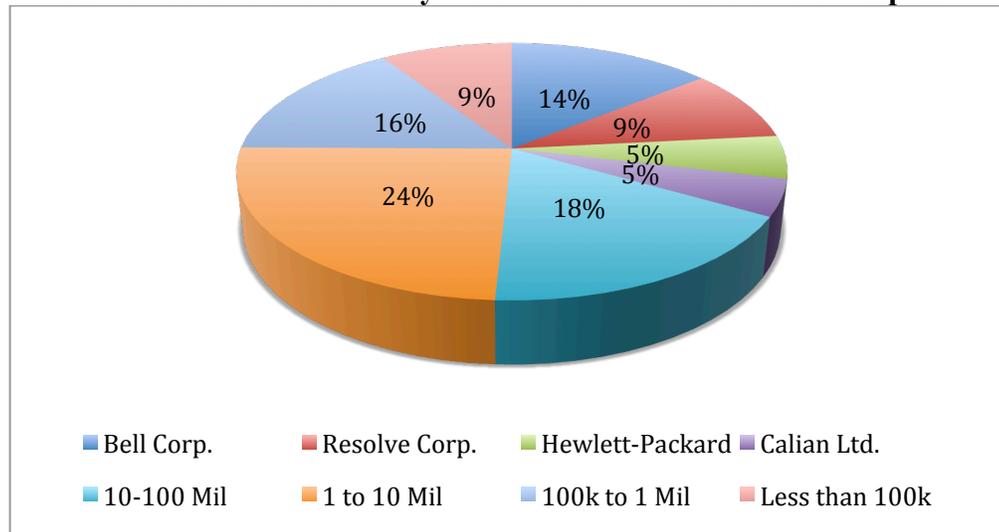
Table 11 - Select Companies by Percentage of Amounts Billed (2003/2004 to 2013/2014)

| Standardized Company Name | Company Amounts | Percentage of Total |
|---|-----------------|---------------------|
| Bell Corp. | \$419,026,819 | 14.18% |
| Resolve Corp. | \$270,659,325 | 9.16% |
| Hewlett-Packard | \$159,831,777 | 5.41% |
| Calian Ltd. | \$135,211,930 | 4.58% |
| Quantum Management Services Ltd. | \$70,744,576 | 2.39% |
| IBM - Business Consulting Services | \$46,111,845 | 1.56% |
| EDS Canada Inc. | \$45,709,296 | 1.55% |
| Corporate Research Group (CRG) | \$37,147,386 | 1.26% |
| Deloitte & Touche Consulting Group | \$31,062,017 | 1.05% |
| Interis Consulting | \$25,219,079 | 0.85% |
| KPMG Consulting | \$24,672,561 | 0.84% |
| CGI Information and Management Consultants Inc. | \$20,045,718 | 0.68% |
| Price Waterhouse Coopers | \$20,037,679 | 0.68% |
| IT/NET Consultants Inc. | \$18,221,990 | 0.62% |
| Brainhunter Inc. | \$17,748,172 | 0.60% |
| Maplesoft Consulting Inc. (MCS) | \$17,589,454 | 0.60% |
| Coradix Technology Consulting Ltd | \$15,297,325 | 0.52% |
| DAMA Consulting Services Limited | \$13,942,338 | 0.47% |
| Veritaaq Technology House Inc. | \$13,871,057 | 0.47% |
| Sample Total | \$1,402,150,346 | 47.47% |

Source: Proactive Disclosure (various websites). Please note that at time of writing the latest contracts posted were for the Third Quarter of 2011/2012.

In this table we can appreciate how, over the period that we have taken into consideration, the top nine companies alone have been able to bill a sum above one percent of governmental expenses in the area (together they make up over 41% of the total expenditure). However, the top four companies account for a third of that sum. More detail on the size of some of the individual providers can be found in Figure 6 below.

Figure 6 – Distribution of contracts by value awarded to individual companies



Source: Proactive Disclosure (various websites). Please note that at time of writing the latest contracts posted were for the Third Quarter of 2011/2012.

Analysis: Contracting Behaviour of Canadian Federal Government Departments

Size of Contracts

These data provide some sense of the general situation with respect to management consulting and performance policy consulting in Canada over recent years. The trends are similar to those found using more aggregate data, namely rapid growth with a concentration in a small number of Departments and agencies and with a very small number of large contracts and contracting firms providing the lions share of consulting work.

Once these outliers are removed however, a more nuanced picture emerges in which a larger number of units and a larger number of small firms and contracts dominate the process. This is a more accurate picture of policy consulting behaviour, per se, since the larger contracts fall much more in the ‘management’ side of the 0491 category.

For the full set the average contract value was calculated as \$203,114.54, both the median and the mode were \$25,000.00. The following table highlights the Average, Median and Mode statistics for each Department/Agency in the Federal government (see Table 12). This is interesting as it is well below the \$100K cut off and would have escaped notice and detail in pre 2004 reporting.

Table 12 - Average, Median and Mode expenditure for Federal Administrative Units in Category 0491

| Department | Average | Median | Mode | Department | Average | Median | Mode | Department | Average | Median | Mode |
|--|-------------|-------------|-------------|--|--------------|-------------|--------------|---------------------------------------|--------------|-------------|-------------|
| Agriculture and Agri-Food Canada | \$40,526.86 | \$24,486.00 | \$25,000.00 | Elections Canada | \$46,120.08 | \$24,824.00 | \$15,985.85 | Office of the Veterans Ombudsman | \$25,228.88 | \$24,155.25 | N/A |
| Atlantic Canada Opportunities Agency | \$15,803.41 | \$10,337.25 | \$11,300.00 | Environment Canada | \$39,194.80 | \$22,851.25 | \$10,000.00 | Parks Canada | \$32,714.13 | \$21,000.00 | \$25,000.00 |
| Canada Border Services Agency | \$56,547.67 | \$24,909.60 | \$24,877.50 | Financial Consumer Agency of Canada | \$26,300.93 | \$21,300.00 | \$25,000.00 | Patented Medicine Prices Review Board | \$45,146.52 | \$39,105.82 | N/A |
| Canada Economic Development for Quebec Regions | \$32,684.51 | \$24,912.00 | \$42,800.00 | Financial Transactions and Reports Analysis Centre of Canada | \$31,187.62 | \$23,191.13 | \$10,000.00 | Privacy Commissioner of Canada | \$32,622.24 | \$24,127.00 | \$24,717.00 |
| Canada Industrial Relations Board | \$33,669.29 | \$23,100.00 | N/A | Fisheries and Oceans Canada | \$35,595.48 | \$22,123.49 | \$10,000.00 | Privy Council Office | \$28,825.50 | \$23,647.00 | \$10,700.00 |
| CRA | \$64,924.59 | \$24,496.47 | \$21,400.00 | DFAIT | \$55,539.70 | \$23,267.00 | \$10,500.00 | Public Health Agency of Canada | \$63,353.35 | \$24,836.50 | \$24,990.00 |
| Canada School of Public Service | \$86,844.68 | \$24,994.42 | \$24,610.00 | Governor General | \$14,994.67 | \$11,645.00 | N/A | Public Safety Canada | \$57,030.69 | \$24,675.00 | \$21,400.00 |
| Canadian Artists and Producers Professional Relations Tribunal | \$39,600.00 | \$25,000.00 | N/A | Hazardous Materials Information Review Commission | \$26,815.50 | \$24,489.20 | \$25,000.00 | Public Sector Integrity Canada | \$34,789.60 | \$37,167.90 | \$24,999.00 |
| Canadian Environmental Assessment Agency | \$27,698.18 | \$22,060.00 | \$10,000.00 | Health Canada | \$41,423.50 | \$24,500.00 | \$25,000.00 | Public Service Commission | \$37,674.88 | \$24,150.00 | \$24,999.00 |
| Canadian Food Inspection Agency | \$31,029.26 | \$24,075.00 | \$24,984.50 | HRSDC | \$228,424.81 | \$24,675.00 | \$25,000.00 | Public Service Labour Relations Board | \$33,202.81 | \$22,101.00 | \$14,310.00 |
| Canadian Forces Grievance Board | \$24,871.02 | \$23,055.00 | \$10,335.00 | INAC | \$72,439.38 | \$24,448.13 | \$24,990.00 | Public Service Staffing Tribunal | \$19,504.95 | \$21,400.00 | N/A |
| Canadian Grain Commission | \$31,220.54 | \$22,044.75 | \$10,700.00 | Industry Canada | \$38,540.32 | \$23,217.50 | \$21,400.00 | PWGSC | \$218,121.58 | \$47,408.50 | \$88,460.00 |
| Canadian Heritage | \$38,866.22 | \$23,593.75 | \$12,550.00 | Infrastructure Canada | \$36,089.28 | \$24,115.00 | \$24,150.00 | RCMP | \$77,866.44 | \$24,804.00 | \$19,800.00 |
| Canadian Human Rights Commission | \$40,008.31 | \$24,500.00 | \$10,700.00 | Libraries and Archives Canada | \$41,949.97 | \$24,481.13 | \$25,000.00 | RCMP External Review Committee | \$20,284.55 | \$20,000.00 | N/A |
| Canadian Human Rights Tribunal | \$25,072.90 | \$23,617.00 | \$25,000.00 | DND | \$719,909.36 | \$89,460.00 | 2,310,000.00 | Service Canada | \$222,371.54 | \$27,136.00 | \$21,000.00 |

| | | | | | | | | | | | |
|--|-----------------|-----------------|-----------------|--|-----------------|-----------------|----------------------|--|----------------------|-----------------|-----------------|
| CIDA | \$75,5 52.56 | \$24,6 97.38 | \$14,9 80.00 | National Research Council Canada | \$37,3 39.89 | \$23,5 40.00 | \$10,7 00.00 | Statistics Canada | \$59,6 97.76 | \$24,7 70.50 | \$24,7 70.50 |
| Canadian Nuclear Safety Commission | \$31,0 79.06 | \$24,0 75.00 | \$21,4 00.00 | National Film Board | \$24,1 48.82 | \$23,4 26.00 | \$10,7 00.00 | Status of Women Canada | \$19,7 37.81 | \$17,5 80.00 | \$24,8 45.40 |
| CRTC | \$27,0 61.77 | \$23,6 81.00 | \$25,0 00.00 | National Parole Board | \$24,1 38.26 | \$21,8 17.50 | \$53,2 14.00 | Supreme Court of Canada | \$38,7 53.27 | \$24,9 37.50 | \$24,9 37.50 |
| Canadian Space Agency | \$38,6 06.39 | \$24,8 85.00 | \$10,5 00.00 | National Round Table on the Environment and the Economy | \$28,8 53.90 | \$22,7 50.00 | \$16,0 50.00 | Telefilm Canada | \$24,0 52.03 | \$19,5 00.00 | \$15,0 00.00 |
| Canadian Transportation Agency | \$14,7 33.33 | \$11,5 20.00 | N/A | Natural Resources Canada | \$48,9 88.01 | \$24,6 22.50 | \$20,8 80.00 | Transport Canada | \$72,8 47.92 | \$24,2 93.64 | \$24,9 00.00 |
| Citizenship and Immigration Canada | \$42,1 28.18 | \$24,5 98.35 | \$25,0 00.00 | NSERC | \$42,1 84.65 | \$24,9 73.00 | \$24,9 10.00 | TBS | \$102, 597.4 0 | \$24,9 27.70 | \$24,5 70.00 |
| Commission for Public Complaints Against the RCMP | \$51,3 30.65 | \$37,4 20.33 | N/A | Office of the Auditor General of Canada | \$21,5 82.47 | \$19,3 80.00 | \$10,0 00.00 | Veterans Affairs Canada | \$48,8 32.20 | \$24,9 90.00 | \$24,5 17.50 |
| Correctional Services Canada | \$26,9 55.61 | \$21,3 35.00 | \$10,7 00.00 | Office of the Commissioner for Federal Judicial Affairs | \$33,5 62.92 | \$23,1 00.00 | \$100, 000.0 0 | Veterans Review and Appeal Board Canada | \$32,7 60.00 | \$32,7 60.00 | N/A |
| Courts Administration Services | \$42,1 60.22 | \$25,3 75.63 | \$99,4 56.50 | Office of the Commissioner of Official Languages | \$38,9 62.75 | \$22,0 00.00 | \$25,0 00.00 | Western Economic Diversification Canada | \$45,4 00.23 | \$24,6 75.00 | \$10,7 00.00 |
| Department of Finance Canada | \$56,6 95.55 | \$24,4 16.04 | \$20,0 01.00 | Office of the Correctional Investigator | \$21,8 83.04 | \$14,5 68.75 | N/A | Canada Public Service Agency | \$33,7 63.94 | \$24,3 80.00 | \$24,9 10.00 |
| Department of Justice Canada | \$83,2 65.33 | \$24,9 89.85 | \$23,4 50.00 | Office of the Superintendent of Financial Institutions Canada | \$0.00 | \$0.00 | \$0.00 | | | | |

Source: Proactive Disclosure (various websites). Please note that at time of writing the latest contracts posted were for the third Quarter of 2011/2012.

Please note that PWGSC, HRSDC, Service Canada's and DND's averages are skewed by three very large contracts (\$407M, \$270M, \$67M and \$108M respectively)

Among the various administrative units we can isolate four groups according to the averages of the contracts that were let. We decided to organize them according to averages: (1) “Small” lower than \$25,000.00, (2) “Medium” between \$25,000.00 and \$50,000.00, (3) a “large” between \$50,000.00 and \$100,000.00 and finally a (4) “very large” category for contracts averaging above \$100,000.00. Table 13 shows that 12 of the administrative units belong in the first category, 46 in the second, 14 in the third, and 5 are the largest. They account respectively for 15.58%, 59.74%, 18.18% and 6.49% of the bureaucracy. While our research in this area is still in its preliminary stages, it is interesting to note that only a relatively small number of agencies on average have small contracts, while a quarter of the public administration let contracts with an average value above \$50,000.00.⁸

⁸ This is similar to the pattern found in an audit of Environment Canada in 2008-2009 undertaken in response to complaints lodged with the Freedom of Information Commissioner. More specifically, the audit scope included contracts greater than \$25,000 issued by EC or by Public Works and Government Service Canada (PWGSC) on behalf of EC from April 1, 2008, through December 11, 2009 (20 months). The scope was limited to contracts over \$25K, as these are subject to a competitive process which is one of the concerns raised by the complainant. Furthermore, all contracts awarded between April 1, 2006, and December 11, 2009 (44 months) to the firm subject to the allegation of favouritism, regardless of their amount, were also included in the scope of the audit. Between fiscal years 2006–2007 and 2009–2010, Environment Canada and PWGSC on behalf of EC issued 46,003 contracts, 58.6% and 41.4% respectively for a total value of \$625,791,347. For the statistical sample, our efforts concentrated on contracts in the “Management Consulting and Other Professional Services” category for the period from April 1, 2008, to December 11, 2009. There were 1,337 contracts in the Management Consulting and Other Professional Services category for this period. Of these, 168 were over \$25K. As previously mentioned, the audit focused on “Management Consulting and Other Professional Services” contracts issued between April 1, 2008, and December 11, 2009 (a 20-month period). This included 1,337 contracts, for a total value of \$27,270,315.

Table 13 – Distribution of Average Contract Values among Federal Administrative Units

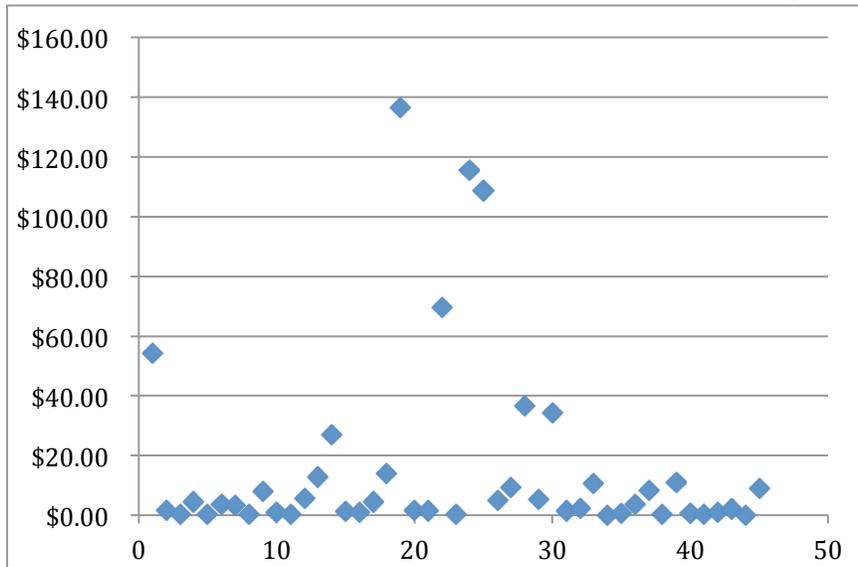
| | Administrative Unit | Total 0491 Contracts (Million of \$) | Administrative Unit | Total 0491 Contracts (Million of \$) | |
|--------------------------------|--|--------------------------------------|---|--------------------------------------|---------|
| Less than \$25k average | Atlantic Canada Opportunities Agency | \$3.5 | Office of the Correctional Investigator | \$0.15 | |
| | Canadian Forces Grievance Board | \$0.6 | Office of the Superintendent of Financial Institutions Canada | \$0.00 | |
| | Canadian Transportation Agency | \$0.04 | Public Service Staffing Tribunal | \$0.1 | |
| | Governor General | \$0.89 | Status of Women Canada | \$0.25 | |
| | National Film Board | \$0.7 | Telefilm Canada | \$1.9 | |
| | National Parole Board | \$1.4 | | | |
| \$25k to \$50k average | Office of the Auditor General of Canada | \$4.1 | Industry Canada | \$108.7 | |
| | Agriculture and Agri-Food Canada | \$54.3 | Infrastructure Canada | \$5.0 | |
| | Canada Economic Development for Quebec Regions | \$1.6 | Libraries and Archives Canada | \$9.2 | |
| | Canada Industrial Relations Board | \$0.3 | National Research Council Canada | \$36.6 | |
| | Canada Public Service Agency | \$4.5 | National Round Table on the Environment and the Economy | \$5.3 | |
| | Canadian Artists and Producers Professional Relations Tribunal | \$0.2 | Natural Resources Canada | \$34.4 | |
| | Canadian Environmental Assessment Agency | \$3.7 | NSERC | \$1.5 | |
| | Canadian Food Inspection Agency | \$3.2 | Office of the Commissioner for Federal Judicial Affairs | \$2.3 | |
| | Canadian Grain Commission | \$0.5 | Office of the Commissioner of Official Languages | \$10.7 | |
| | Canadian Heritage | \$8.0 | Office of the Veterans Ombudsman | | |
| | Canadian Human Rights Commission | \$1.1 | Parks Canada | \$0.1 | |
| | Canadian Human Rights Tribunal | \$0.38 | Patented Medicine Prices Review Board | | |
| | Canadian Nuclear Safety Commission | \$5.8 | Privacy Commissioner of Canada | \$0.6 | |
| | Canadian Space Agency | \$12.8 | Privy Council Office | \$3.6 | |
| | Citizenship and Immigration Canada | \$27.0 | Public Sector Integrity Canada | \$8.4 | |
| | Correctional Services Canada | \$1.18 | Public Service Commission | \$0.3 | |
| | Courts Administration Services | \$1.1 | Public Service Labour Relations Board | \$10.9 | |
| | CRTC | \$4.5 | RCMP External Review Committee | | |
| | Elections Canada | \$14.1 | Supreme Court of Canada | \$0.6 | |
| | Environment Canada | \$136.6 | Veterans Affairs Canada | \$0.2 | |
| | Financial Consumer Agency of Canada | \$1.8 | Veterans Review and Appeal Board | \$1.0 | |
| | Financial Transactions and Reports Analysis Centre of Canada | \$1.5 | Canada | \$2.2 | |
| | Fisheries and Oceans Canada | \$69.6 | Western Economic Diversification Canada | | |
| | Hazardous Materials Information Review Commission | \$0.26 | | \$0.06 | |
| | Health Canada | \$115.5 | | \$8.9 | |
| | \$50k to \$100k | Canada Border Services Agency | \$10.5 | DFAIT | \$52.7 |
| | | Canada School of Public Service | \$1.6 | INAC | \$120.5 |

| | | | | |
|--------------------|--|----------|----------------------|---------|
| | Commission for Public Complaints Against the RCMP | \$0.6 | Public Safety Canada | \$26.2 |
| | Canadian Revenue Agency | \$33.6 | RCMP | \$15.2 |
| | Department of Finance Canada | \$14 | Statistics Canada | \$0.77 |
| | Department of Justice Canada | \$10.1 | Transport Canada | \$110.9 |
| over \$100k | DND | \$189.79 | | |
| average | HRSDC | \$393.41 | | |
| | PWGSC | \$997.97 | | |
| | Service Canada | \$103.63 | | |
| | TBS | \$110.9 | | |

Source: Proactive Disclosure (various websites). Please note that at time of writing the latest contracts posted were for the third Quarter of 2011/2012.

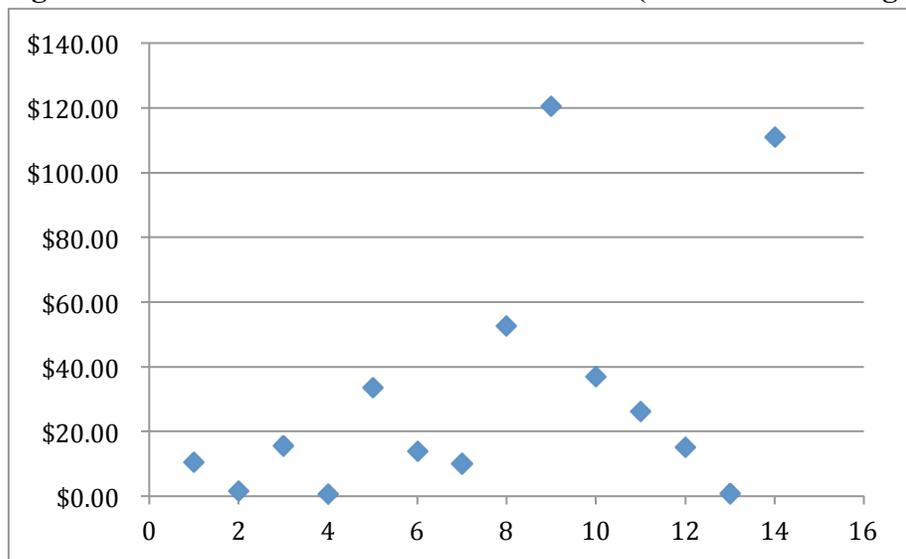
The following two charts show the distribution of total amounts spent Management Consulting for administrative units with contract averages between \$25,000.00 and \$50,000.00 (Figure 7) and between \$50,000.00 and \$100,000.00 (Figure 8). Out of 46 departments and agencies only eight have spent over \$20M on the 04 category over the period in question while only two are extreme outliers (having spent over \$100M) with most being concentrated under \$40M.

Figure 7. Distribution of Administrative Units (Contracts' Averages \$25k to \$50k)



Source: Proactive Disclosure (various websites). Please note that at time of writing the latest contracts posted were the third Quarter of 2011/2012. All amounts in Million of Canadian dollars.

Figure 8. Distribution of Administrative Units (Contracts' Averages \$50k to \$100k)



Source: Proactive Disclosure (various websites). Please note that at time of writing the latest contracts posted were the third Quarter of 2011/2012. All amounts in Million of Canadian dollars.

Regarding Figure 7, the three Departments which are clear outliers are: Environment Canada (expenditures of \$136.6M over 3,488 contracts), Industry Canada (expenditures of \$108.7M over 2,827 contracts), and Health Canada (expenditures of \$115.5M over 2,793 contracts). For the Figure 8 the outliers are INAC (expenditures of \$120.5M over 1,660 contracts) and Transport Canada (expenditures of \$110.9M over 1,523 contracts).

We also decided to look at aggregate data for contracts let according to four general categories. In this case we find that companies that billed more in terms of contracts over the period also seemed likely to let larger contracts rather than build up their billed amounts out of many small contracts (see Table 14).

Table 14. Mode, Median and Average values of contracts.

| | Mode | Median | Average |
|-----------------------|--------------|-----------------|-----------------|
| <i>Over 10 Mil</i> | N/A | \$17,985,081.37 | \$53,617,989.63 |
| <i>1 to 10 Mil</i> | N/A | \$2,054,249.35 | \$2,808,624.56 |
| <i>100k to 1 Mil</i> | \$100,000.00 | \$201,000.00 | \$280,158.14 |
| <i>Less than 100k</i> | \$25,000.00 | \$24,581.25 | \$32,538.44 |

Source: Proactive Disclosure (various websites). Please note that at time of writing the latest contracts posted were for the third Quarter of 2011/2012.

In the calculations shown above we have noted how some extremely large contracts have skewed the average amounts for the contracts for four Departments. Here we present the data for the top five spenders in the Federal Administration adjusting for these contracts by removing these very large contracts – which are not policy-related (see Table 15).

Table 15 Adjusted Contract Averages for the top Five Administrative Units

| <i>Administrative Unit</i> | <i>Contract Average</i> | <i>Adjusted Average</i> | <i>Number of Contracts^a</i> |
|----------------------------|-------------------------|-------------------------|--|
| National Defense | \$719,909.36 | \$315,581.01 | 268 |
| HRSDC | \$228,424.81 | \$71,338.73 | 1,723 |
| Service Canada | \$222,371.54 | \$76,581.78 | 466 |
| PWGSC | \$218,121.58 | \$132,298.95 | 4,747 |
| Environment Canada | \$39,194.80 | N/A | 3,488 |

Source: Proactive Disclosure (various websites). Please note that at time of writing the latest contracts posted were for the third Quarter of 2011/2012.

a – This number does not include amendments to existing contracts. It includes the large contracts.

Therefore, we find that while the averages drop quite dramatically when we correct for these extremely large contracts, two of the Departments that have received these ‘outlier’ contracts still rank well within the over \$50,000.00 category that we have established above while PWGSC and HRSDC are still in the above \$100,000.00 bracket. Table 16 below brings together information for the top 16 administrative units in the Federal bureaucracy regarding the average of their contract values, the total expenditure in million of dollars since the beginning of our study and the number of contracts let.

Table 16 – Top 16 Administrative Units in Terms of Average Contract Size Ranking

| | \$25k to \$50k average | \$50k to \$100k average | Over \$100k average | Total expenditures 0491 Million \$ | Total number of contracts |
|----------------------------------|------------------------|-------------------------|---------------------|------------------------------------|---------------------------|
| Department | | | | | |
| Agri-Food | X | | | \$54.36 | 1,341 |
| CRA | | X | | \$33.63 | 520 |
| Environment Canada | X | | | \$136.61 | 3,488 |
| F&O | X | | | \$69.66 | 1,957 |
| DFAIT | | X | | \$52.70 | 949 |
| DND | | | X | \$189.78 | 268 |
| Health Canada | X | | | \$115.48 | 2,793 |
| HRSDC | | | X | \$393.91 | 1,723 |
| INAC | | X | | \$120.25 | 1,660 |
| Industry Canada | X | | | \$108.75 | 2,827 |
| National Research Council | X | | | \$36.60 | 985 |
| Natural Resources | X | | | \$34.43 | 703 |
| PWGSC | | | X | \$997.97 | 4,747 |
| Service Canada | | | X | \$103.62 | 466 |
| Transport Canada | | X | | \$110.94 | 1,523 |
| TBS | | | X | \$41.14 | 401 |

Source: Proactive Disclosure (various websites). Please note that at time of writing the latest contracts posted were for the third Quarter of 2011/2012.

It should be noted that among these units there were no instances in which the average amounts of the contracts let was lower than \$25,000.00.

Number and Frequency of Contracts

As an additional level of analysis, we looked at the number of contracts that the various administrative units let over the whole period (see Appendix V for a complete set of data) and we found that only eleven departments let more than 900 contracts.⁹ Overall nine units showed more than 1,000 contracts, and 32 have between 100 and 1,000 contracts. The rest had less than 100 contracts over the whole period. The top 11 Departments account for 70.65% of the whole number of contracts.

⁹ It should be noted that in this calculation we do not account for amendments but only for individual contracts so this somewhat underestimates the activity. In practice we do not count contract amendments (increased funding extended timeframes and so forth) as new contracts. So if a specific contract was amended twice (for example from a starting value of \$10,000.00 to \$50,000.00 and then to \$100,000.00) and it is extended from one to two years, in our calculations it would still count as a single contract rather than as three separate instances.

Table 17. Select Administrative Units by Number of Contracts

| Department | Contracts | Percentage of total | Amounts of Contracts |
|--|-----------|---------------------|----------------------|
| Public Works and Government Services Canada | 4,747 | 13.98% | \$1,035,423,124.83 |
| Environment Canada | 3,488 | 10.27% | \$136,711,454.82 |
| Industry Canada | 2,827 | 8.32% | \$108,914,933.00 |
| Health Canada | 2,793 | 8.22% | \$115,483,390.50 |
| Fisheries and Oceans Canada | 1,957 | 5.76% | \$69,660,344.72 |
| HRSDC | 1,723 | 5.07% | \$393,575,955.95 |
| Indian and Northern Affairs Canada | 1,660 | 4.89% | \$120,249,365.44 |
| Transport Canada | 1,523 | 4.48% | \$110,947,387.34 |
| Agriculture and Agri-Food Canada | 1,341 | 3.95% | \$54,387,047.28 |
| National Research Council Canada | 985 | 2.90% | \$34,438,570.77 |
| Foreign Affairs and International Trade Canada | 949 | 2.79% | \$52,707,172.72 |
| Subtotal for Sample | 23,993 | 70.65% | \$2,178,111,700.09 |
| Total for Canada | 33,958 | 100% | \$2,958,249,641.64 |

A further analysis can be run on these data to measure how ‘concentrated’ the contracts are. We use a simple measure of how important it is to have previous contracts in any given Department or Agency by comparing the total amounts in the 0491 category for the entire period (2003/2004 to 2013/2014) with the amounts billed by companies that have been granted at least two contracts. Table 18 shows how the administrative units that have the highest value for contracts awarded have done in terms of assigning multiple contracts to the same companies. This allows us to make some inferences on how ‘open’ the process is in the specific Departments and Agencies to the arrival of new contractors. Of course the reasons for this concentration are multiple and should be explored with qualitative research.

In particular, the Department of National Defense and Service Canada have awarded most of their contracts to suppliers and contractors with multiple contracts. Overall, the propensity of the Federal public administration to award multiple contracts to the same company has an average of 52.46%. In practice this means that just over half of all contracts have been awarded to companies that already worked for the Public Administration. In terms of the total amounts, 67.67% of the money awarded over the period that we considered went to companies with two or more contracts. Interestingly enough, HRSDC, one of the country’s largest contractors is also the Department with the lowest percentage of multiple contracts being awarded to the same companies. There does not seem to be an immediate explanation for this pattern, with the exception that there seems to be a broad set of contracts awarded to different companies.

At the same time, it should be noted that large contracts affect these data, for example within PWGSC Bell Canada received an amended contract for the total value of

\$407 million, which accounts for 52% of the total amounts granted as repeat contracts through the Department.

Table 18 - Percentage of Repeat Contract amounts – All contracts (By Largest amounts and percentage)

| Department | Contract Amounts | Company Amounts | Percentage of repeat contracts |
|--|---------------------------|---------------------------|---------------------------------------|
| Public Works and Government Services Canada | \$1,035,423,124.83 | \$782,377,657.81 | 75.56% |
| National Defense and the Canadian Forces | \$192,935,709.36 | \$185,082,215.90 | 95.93% |
| HRSDC | \$393,575,955.95 | \$102,465,735.34 | 26.03% |
| Environment Canada | \$136,711,454.82 | \$99,720,595.26 | 72.94% |
| Service Canada | \$103,625,137.32 | \$96,645,974.40 | 93.26% |
| Indian and Northern Affairs Canada | \$120,249,365.44 | \$91,307,210.46 | 75.93% |
| Industry Canada | \$108,914,933.00 | \$85,813,777.00 | 78.79% |
| Health Canada | \$115,483,390.50 | \$81,551,943.85 | 70.62% |
| Transport Canada | \$110,947,387.34 | \$65,994,924.37 | 59.48% |
| Fisheries and Oceans Canada | \$69,660,344.72 | \$57,024,428.51 | 81.86% |
| Agriculture and Agri-Food Canada | \$54,363,355.76 | \$36,918,503.78 | 67.91% |
| Treasury Board of Canada Secretariat | \$41,141,555.64 | \$29,912,123.55 | 72.71% |
| Canada Revenue Agency | \$33,630,939.34 | \$28,637,864.81 | 85.15% |
| Foreign Affairs and International Trade Canada | \$52,707,172.72 | \$25,576,612.05 | 48.53% |
| National Research Council Canada | \$36,815,389.99 | \$23,817,703.70 | 64.69% |
| Public Health Agency of Canada | \$36,998,359.17 | \$21,370,150.81 | 57.76% |
| Natural Resources Canada | \$34,438,570.77 | \$19,913,708.14 | 57.82% |
| Public Safety Canada | \$26,234,116.25 | \$19,674,536.59 | 75.00% |
| Citizenship and Immigration Canada | \$27,045,352.62 | \$18,147,641.32 | 67.10% |
| Canadian International Development Agency | \$15,523,036.77 | \$11,733,059.30 | 75.58% |
| Canadian Space Agency | \$12,855,927.44 | \$10,600,953.07 | 82.46% |
| <i>Total</i> | <i>\$2,759,280,579.75</i> | <i>\$1,894,287,320.02</i> | <i>68.65%</i> |

Source: Proactive Disclosure (various websites). Please note that at time of writing the latest contracts posted were for the third Quarter of 2011/2012.

For Table 18 we have chosen all Departments and Agencies that had awarded at least \$10M in contracts to companies that received two or more contracts over the period considered. Over 68% of the total amount was captured by companies with two or more contracts. At this point we can only put forward some very preliminary speculation about the behavior lying behind these numbers. It is possible that contractors providing very specialized, technical tasks are being chosen out of a very restricted pool, thereby skewing the percentages towards repeat contracts. There is also the possibility that for Departments like National Defense the security requirements may give an advantage to companies that already comply with such rules. A third possibility is that contractors that provide good value for the service offered will naturally be selected again in the process and due to the experience that they accumulated. However, this presents interesting questions for future research.

Finally, we can spend a few words on the reliance of various administrative units on specific sizes and frequencies of contracts. Among the 78 administrative units 56 have let more than 30 contracts in the 0491 category over the period in question while the remaining 22 let a smaller amount of contracts. In terms of the pattern of contracts various Departments/Agencies shows different patterns according to the type of contract (Small, Medium, Large, Very Large) that is considered. It should be noted that, as expected, the almost totality of administrative units has a majority of Small-sized contracts as the most common type of contract. Only National Defense and the Canadian Forces has as its most common type of contract the Very Large category. When it comes to the distribution of these patterns over time.

Trends Over Time

The type of pattern over the period that we have analyzed is also revealing. The most common pattern that we found is one in which the overall number of contracts declines from a peak in the early period. As a rule administrative units do not show an increase in the total amount of contracts let over the period considered. In fact, only Elections Canada, Fisheries and Oceans, and the Department of Foreign Affairs and International Trade follow an upward trend. This is an interesting find and it should be noted that often the overall pattern is determined by a sheer drop in small contracts. Larger contracts are often stable and at times show an uptick. While this is not the sole pattern it is worthwhile mentioning because it seems to point towards larger contracts being awarded, at least in some Departments (See Tables 19 and 20).

Table 19. Aggregate Contract Data for all Federal Administrative Units

| | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 | 2007-2008 | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012- |
|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------|
| Small | 18 | 3431 | 3768 | 3880 | 4064 | 3936 | 3685 | 3425 | 1927 | 190 |
| Medium | 1 | 843 | 965 | 876 | 866 | 820 | 793 | 714 | 365 | 47 |
| Large | 4 | 654 | 751 | 748 | 755 | 770 | 653 | 546 | 301 | 44 |
| Very Large | 2 | 188 | 266 | 257 | 287 | 429 | 500 | 488 | 347 | 72 |

Proactive Disclosure (various websites). Calculations by the authors. Please note that at time of writing the latest contracts posted were for the third Quarter of 2011/2012.

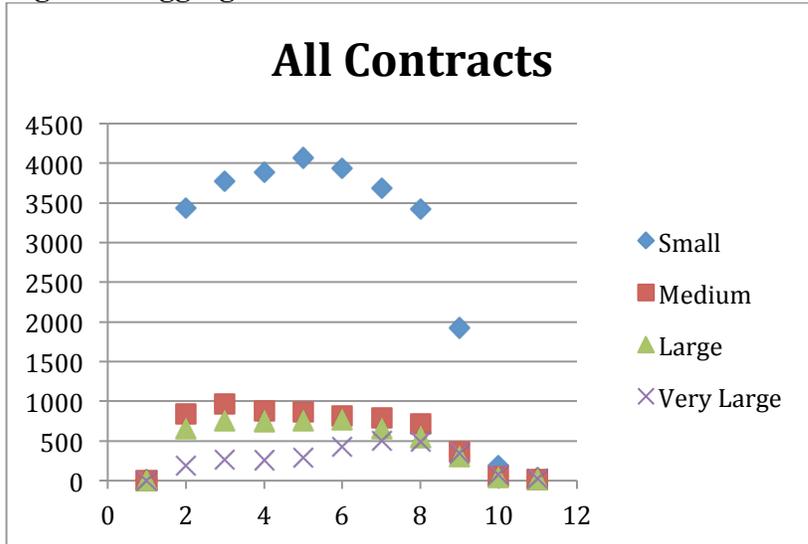
Table 20. Aggregate Contract Data for all Federal Administrative Units - Percentages

| Percentage | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 | 2007-2008 | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012- |
|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------|
| Small | 72.00% | 67.06% | 65.53% | 67.35% | 68.05% | 66.10% | 65.44% | 66.21% | 65.54% | 53. |
| Medium | 4.00% | 16.48% | 16.78% | 15.21% | 14.50% | 13.77% | 14.08% | 13.80% | 12.41% | 13. |
| Large | 16.00% | 12.78% | 13.06% | 12.98% | 12.64% | 12.93% | 11.60% | 10.55% | 10.24% | 12. |
| Very Large | 8.00% | 3.67% | 4.63% | 4.46% | 4.81% | 7.20% | 8.88% | 9.43% | 11.80% | 20. |

Proactive Disclosure (various websites). Calculations by the authors. Please note that at time of writing the latest contracts posted were for the third Quarter of 2011/2012.

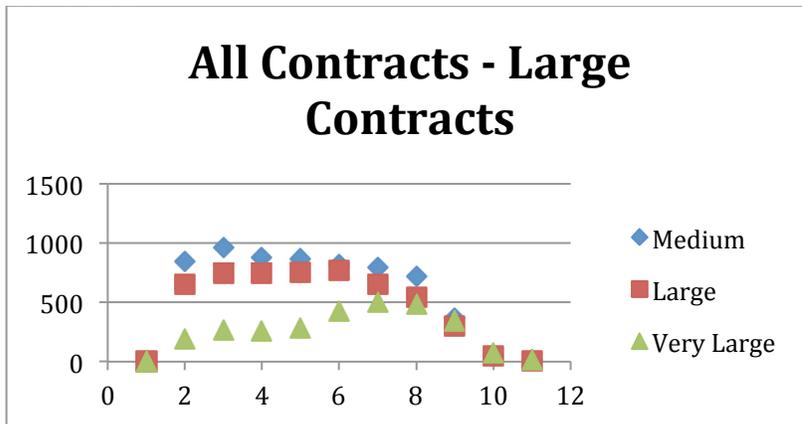
As we can see in Figure 9 the percentage of Small contracts remains relatively stable but the medium and large contracts also decline, whereas the very large contracts climb in percentage term.

Figure 9. Aggregate Contract Data for all Federal Administrative Units



Small contracts follow a parabolic trend, peaking in 2007/2008 and then declining to the levels of 2004/2005 by 2010/2011. For the larger contracts the pattern is different. Both the medium and large-sized contracts follow a declining pattern. The Medium contracts peak in 2005/2006 and then keep declining. Large contracts reach a plateau in the same year and continue until 2008/2009 after which they decline. Very Large contracts increase until 2009/2010 and then begin a marginal decrease.

Figure 10. Aggregate Contract Data for all Federal Administrative Units – Large Contracts



This of course is not the case for all Departments, where we find various patterns. Below we present data for the some of the most important units. The first (Figure 11) is Health Canada where the dominant type of contracts overall is the Small one, these have peaked at over 400 contracts in 2005/2006 and have declined since.

Figure 11 – Health Canada All Contracts

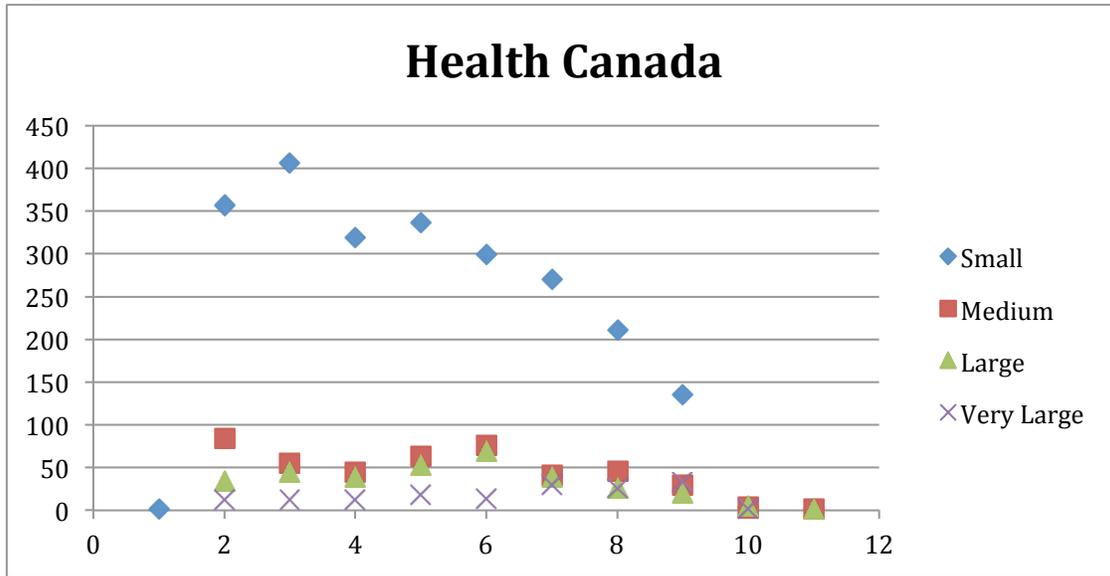
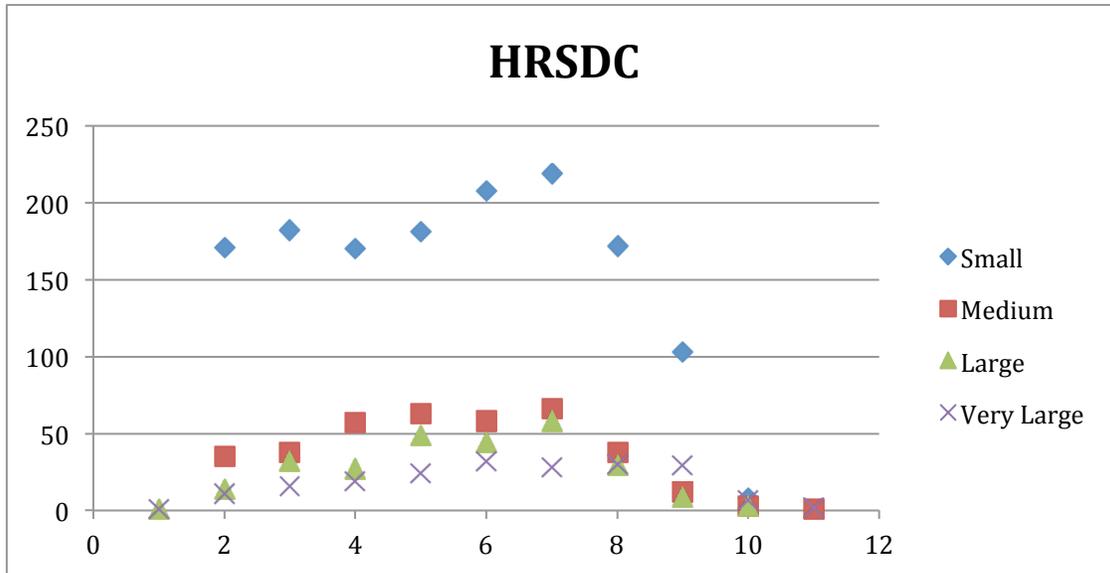


Figure 12 shows data for HRSDC where contracts follow similar patterns in all categories with moderate increases visible until the 2009/2010 fiscal year followed by a decline.

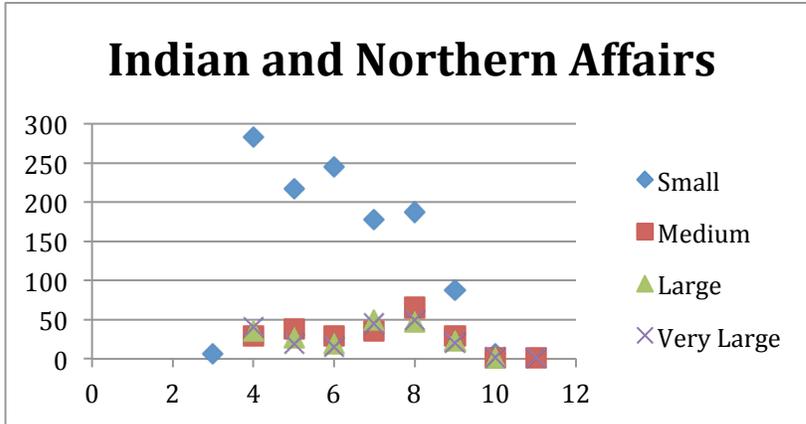
Figure 12 – HRSDC All Contracts



The contract pattern for INAC (Figure 13) is one where Small contracts are relatively common but follow a clear declining trend from very early on. The pattern for the other contract categories is more uneven as we can appreciate from the table below. Medium contracts fluctuate in a relatively narrow band between 2006/2007 and 2010/2011 with the notable exception of 2009/2010 where they reach the highest number

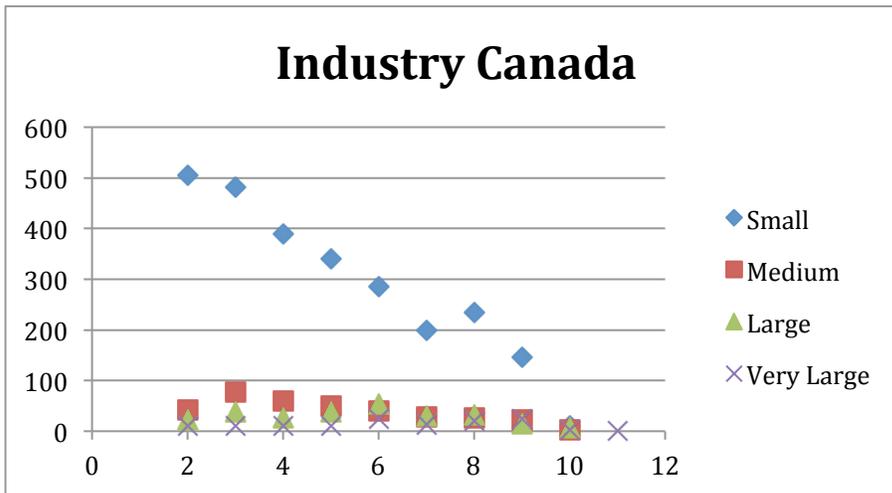
ever. Large and Very Large contracts decrease between 2006/2007 and 2008/2009 to rebound in the following two fiscal years and then taper off again.

Figure 13 – INAC All Contracts



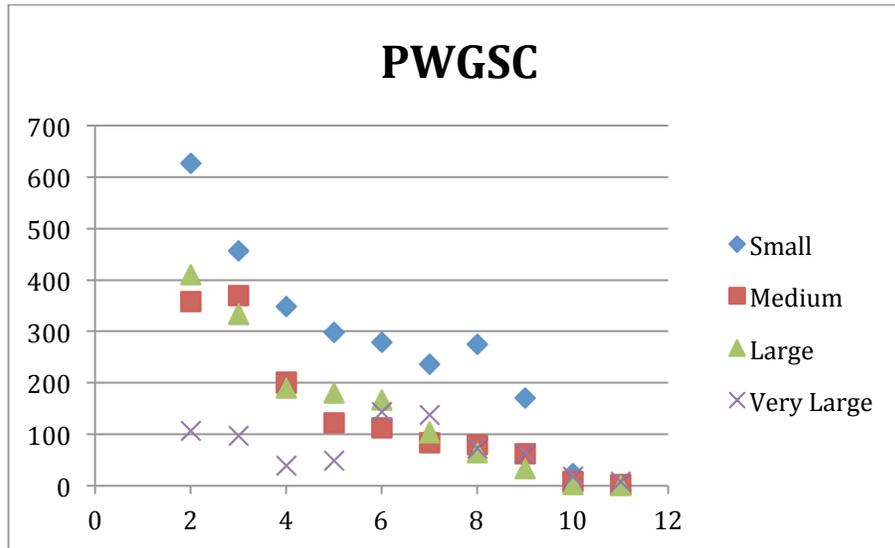
For Industry Canada (Figure 14) the pattern is one dominated by small contracts but as in the case of INAC, we see a progressive decrease in the number of contracts in this category. Interestingly the same is true of contracts in the Medium category. Large contracts increase in value until 2008/2009 and then taper off. Very large contracts follow a stable pattern until the 2008/2009 fiscal year when they appear to have reached a new ‘plateau’ where they stabilize.

Figure 14 – Industry All Contracts



PWGSC (Figure 15) is the largest contractor in the Federal government. We can see that the pattern here is one of early peaks followed by decline. They only partial exception being the Very Large category, which rebounds in 2008/2009 but even so, that category follows afterwards a declining trend.

Figure 15 – PWGSC Select Contracts



The pattern for larger contracts is more clearly evident here and we can notice the downward trend of the various categories. From this brief analysis we can see how, within the scope of the variance that we have noted, smaller contracts are declining and very large ones are the only category to climb.

Conclusions

The current analysis of the use Management Consulting in the Federal government based on the Proactive Disclosure data made available following the Federal Accountability Act has highlighted some interesting additional dimensions to the general picture of increased contracting and temporary services highlighted by the Public Service Commission and the MacDonald CCPA studies of 2010 and 2011. They reveal a picture of a highly skewed process in which several Departments dominate the demand for consulting services and several companies dominate their supply. The significance of large and repeat contracts is clear in this data and suggests a pattern of long-term ongoing interactions between suppliers and purchasers of these services – similar to the pattern found by the PSC surrounding the “permanence of temporary Services”.

However there is little doubt that this picture is one geared towards the management end of 0491 activities. Although the Proactive data is more specific than that used in earlier studies, problems still remain in assessing the basic nature of these contracting relationships in the policy. Aside from the practical difficulties in calculating the amounts allocated per year to multi-year contracts versus budgetary allocations, and other such shortcomings, the most significant shortcoming of the current reporting model for studies of policy consultants is the broad nature of the 0491 (Management Consulting) category. However when the larger contracts are removed a more nuanced picture emerges of smaller contracts, which would normally have missed the Public Accounts

>100K cut off. The initial reliance on small contracts by the Canadian public administration is progressively reduced and, while they remain the most used ones, they are declining in terms of their number but not in terms of percentage. In this sense the drop of the medium and large sized contracts appears to have been absorbed by the very large category.

In this sense, the best option for continuing our research will be to look in more detail at the few administrative units that actually detail the activity of the contracts. However, none of the departments with the largest expenditures does so, their proactive disclosure pages simply refer to the 0491 Category in their description of services rendered. There is very little detail attached to the proactive disclosure posted information. Most of the entries simply state that they are for Management Consulting. This makes it very difficult to analyze the actual patterns of expenditure. As things stand, therefore, the broad nature of this category remains an important obstacle to an in-depth analysis of the nature of Policy consultants. However, it is possible to use the fine-grained detail on contracts to construct contact lists for surveys and interviews, which will allow us to test the extent to which the trends and patterns identified here are common among all of the kinds of consultants found in this category. This is going to be the next step in our analysis but it appears to be a very promising field for research.

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Appendices: Data on Consulting in Canada

Source: Proactive Disclosure (various websites). Please note that at time of writing the latest contracts posted were for the third Quarter of 2011/2012.

Appendix I- Top 16 Federal Administrative Units by Expenditures in Category 0491 – Dollar Value

| | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 | 2007-2008 | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 20 |
|----------------------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----|
| Department | \$1,172,274.12 | \$195,127,315.44 | \$246,459,318.44 | \$258,845,744.66 | \$344,880,621.53 | \$338,500,444.91 | \$411,480,875.17 | \$423,961,320.54 | \$317,831,192.13 | \$1 |
| Agriculture and Agri-Food | \$29,960.64 | \$5,614,417.34 | \$4,508,187.78 | \$12,200,343.27 | \$10,454,373.62 | \$6,686,704.52 | \$5,764,861.60 | \$5,548,376.53 | \$3,311,560.29 | \$2 |
| RA | \$0.00 | \$7,592,824.91 | \$6,090,102.78 | \$4,959,656.55 | \$3,038,708.10 | \$3,511,704.54 | \$3,669,897.86 | \$3,039,844.94 | \$1,532,344.38 | \$1 |
| Environment Canada | \$266,405.20 | \$11,861,048.40 | \$16,157,294.63 | \$13,651,510.90 | \$17,932,663.98 | \$16,691,192.09 | \$22,462,018.37 | \$24,879,347.56 | \$10,934,243.75 | \$1 |
| &O | \$33,110.00 | \$4,499,710.79 | \$5,757,561.23 | \$8,106,130.60 | \$8,740,401.48 | \$10,119,580.29 | \$12,426,574.86 | \$13,653,194.20 | \$5,950,384.19 | \$2 |
| FAIT | \$0.00 | \$1,243,020.97 | \$265,174.46 | \$1,652,305.15 | \$3,954,152.17 | \$8,471,554.98 | \$12,740,956.04 | \$16,737,827.22 | \$6,266,730.76 | \$1 |
| ND | \$0.00 | \$871,048.09 | \$2,181,921.79 | \$998,992.58 | \$2,182,785.12 | \$6,832,078.69 | \$34,688,814.71 | \$40,834,813.64 | \$38,125,473.85 | \$3 |
| Health | \$6,153.03 | \$15,430,437.67 | \$14,997,296.17 | \$12,300,031.64 | \$16,366,129.20 | \$15,657,066.39 | \$15,307,529.87 | \$12,552,518.97 | \$11,807,461.13 | \$8 |
| RSDC | \$663,879.24 | \$8,111,979.37 | \$11,284,168.16 | \$32,232,180.14 | \$61,290,229.32 | \$61,711,714.72 | \$62,205,989.20 | \$57,056,956.15 | \$52,532,208.28 | \$4 |
| MAC | \$0.00 | \$0.00 | \$81,588.74 | \$15,869,963.27 | \$11,380,547.23 | \$14,501,979.18 | \$32,188,181.12 | \$31,700,113.48 | \$11,290,777.21 | \$2 |
| Industry Canada | \$0.00 | \$14,295,575.73 | \$16,746,881.69 | \$12,151,367.64 | \$11,959,313.50 | \$17,534,207.48 | \$11,738,023.30 | \$13,258,035.39 | \$9,882,740.71 | \$1 |
| RC | \$0.00 | \$2,327,517.18 | \$3,741,519.39 | \$4,741,694.46 | \$5,833,261.80 | \$5,970,053.49 | \$5,549,290.71 | \$3,846,892.53 | \$3,706,891.91 | \$8 |
| Natural Resources | \$0.00 | \$33,052.65 | \$1,718,896.28 | \$5,550,434.85 | \$7,503,976.44 | \$5,820,321.20 | \$3,823,278.84 | \$7,487,347.98 | \$2,049,473.94 | \$3 |
| WGSC | \$0.00 | \$88,959,760.90 | \$104,786,652.57 | \$64,568,020.07 | \$106,538,618.36 | \$145,007,910.04 | \$132,777,616.13 | \$105,931,763.34 | \$104,832,027.38 | \$7 |
| Service Canada | \$0.00 | \$0.00 | \$6,233,529.17 | \$9,542,072.92 | \$7,630,104.89 | \$13,469,734.82 | \$25,904,145.84 | \$24,830,456.78 | \$16,000,554.45 | \$1 |
| Transport Canada | \$0.00 | \$5,377,618.30 | \$8,062,561.04 | \$12,846,795.95 | \$17,654,278.27 | \$26,522,264.98 | \$15,174,689.89 | \$15,619,401.50 | \$8,565,238.88 | \$1 |
| BS | \$0.00 | \$300,161.78 | \$4,817,688.47 | \$10,693,596.97 | \$6,380,854.84 | \$3,357,967.35 | \$4,197,566.90 | \$4,925,628.25 | \$5,477,948.57 | \$8 |
| Subtotal for Group | \$999,508.11 | \$166,518,174.07 | \$207,431,024.35 | \$222,065,096.97 | \$298,840,398.32 | \$361,886,034.75 | \$400,619,435.22 | \$381,902,518.45 | \$292,266,059.66 | \$1 |

Appendix II - Top 16 Federal Administrative Units by Expenditures in Category 0491 – Percentage

| | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 | 2007-2008 | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 | Total |
|---|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|----------------|
| | \$1,172,274.12 | \$195,127,315.44 | \$246,459,318.44 | \$258,845,744.66 | \$344,880,621.53 | \$338,500,444.91 | \$411,480,875.17 | \$423,961,320.54 | \$317,831,192.13 | \$174,992,449.89 | \$96,445,750.70 | \$2,915,979.89 |
| Department of Agriculture and Agri-Food Canada | 2.56% | 2.88% | 1.89% | 5.35% | 3.88% | 2.02% | 1.71% | 1.88% | 1.76% | 0.38% | 0.04% | 2.21% |
| RA | 0.00% | 3.90% | 2.56% | 2.18% | 1.13% | 1.06% | 1.09% | 1.03% | 0.82% | 0.29% | 0.20% | 1.30% |
| Environment Canada | 22.73% | 6.09% | 6.79% | 5.99% | 6.65% | 5.03% | 6.67% | 8.41% | 5.82% | 1.92% | 13.50% | 8.15% |
| &O | 2.82% | 2.31% | 2.42% | 3.56% | 3.24% | 3.05% | 3.69% | 4.62% | 3.17% | 0.46% | 1.95% | 2.84% |
| FAIT | 0.00% | 0.64% | 0.11% | 0.73% | 1.47% | 2.55% | 3.78% | 5.66% | 3.34% | 2.14% | 0.18% | 1.87% |
| ND | 0.00% | 0.45% | 0.91% | 0.44% | 0.80% | 2.02% | 9.34% | 12.13% | 16.87% | 35.17% | 87.40% | 15.05% |
| Health Canada | 0.52% | 7.92% | 6.30% | 5.40% | 6.07% | 4.72% | 4.55% | 4.24% | 6.28% | 1.37% | 4.49% | 4.72% |
| RSDC | 56.63% | 4.17% | 4.74% | 14.15% | 22.74% | 18.61% | 18.48% | 19.30% | 27.96% | 71.69% | 11.26% | 24.52% |
| INAC | 0.00% | 0.00% | 0.03% | 6.93% | 4.19% | 4.28% | 8.66% | 9.09% | 4.80% | 2.29% | 2.94% | 3.93% |
| Industry Canada | 0.00% | 7.34% | 7.04% | 5.33% | 4.44% | 5.29% | 3.49% | 4.48% | 5.26% | 1.63% | 3.61% | 4.35% |
| RC | 0.00% | 1.20% | 1.57% | 2.08% | 2.16% | 1.80% | 1.65% | 1.30% | 1.97% | 1.29% | 1.53% | 1.51% |
| Natural Resources | 0.00% | 0.02% | 0.72% | 2.44% | 2.78% | 1.75% | 1.14% | 2.53% | 1.09% | 0.57% | 2.15% | 1.38% |
| WGSC | 0.00% | 45.59% | 42.52% | 24.94% | 30.89% | 35.24% | 29.85% | 24.99% | 32.98% | 45.57% | 67.23% | 34.53% |
| Service Canada | 0.00% | 0.00% | 2.62% | 4.19% | 2.83% | 4.06% | 7.69% | 8.40% | 8.52% | 0.02% | 0.00% | 3.48% |
| Transport Canada | 0.00% | 2.76% | 3.39% | 5.64% | 6.55% | 8.00% | 4.51% | 5.28% | 4.56% | 1.74% | 0.32% | 3.89% |
| BS | 0.00% | 0.15% | 2.02% | 4.69% | 2.37% | 1.01% | 1.25% | 1.67% | 2.92% | 1.28% | 4.17% | 1.96% |
| Subtotal for Group | 85.26% | 85.34% | 84.16% | 85.79% | 86.65% | 87.94% | 90.07% | 90.08% | 91.96% | 97.70% | 99.47% | 89.14% |

| | | | |
|---|------------------|------------------|--------|
| Canadian Radio-Television and Telecommunications Commission | \$4,546,378.00 | \$2,517,598.00 | 55.38% |
| Canadian Environmental Assessment Agency | \$3,766,952.07 | \$2,083,307.73 | 55.30% |
| Privy Council Office | \$8,474,784.49 | \$4,622,867.36 | 54.55% |
| Infrastructure Canada | \$5,016,409.88 | \$2,731,805.81 | 54.46% |
| National Parole Board | \$1,448,295.57 | \$779,758.80 | 53.84% |
| Canada Economic Development for Quebec Regions | \$1,607,075.70 | \$854,685.00 | 53.18% |
| Canada Public Service Agency | \$4,558,131.45 | \$2,412,337.98 | 52.92% |
| Public Service Commission | \$10,963,390.70 | \$5,779,783.94 | 52.72% |
| Courts Administration Services | \$1,096,165.65 | \$573,517.90 | 52.32% |
| Supreme Court of Canada | \$1,046,338.41 | \$546,833.56 | 52.26% |
| Financial Transactions and Reports Analysis Centre of Canada | \$1,497,005.63 | \$758,356.51 | 50.66% |
| National Round Table on the Environment and the Economy | \$5,337,971.32 | \$2,670,725.95 | 50.03% |
| Foreign Affairs and International Trade Canada | \$52,707,172.72 | \$25,576,612.05 | 48.53% |
| Canada Border Services Agency | \$10,564,123.20 | \$4,998,675.82 | 47.32% |
| Telefilm Canada | \$1,948,214.36 | \$851,432.00 | 43.70% |
| Privacy Commissioner of Canada | \$3,666,401.26 | \$1,587,795.13 | 43.31% |
| Canadian Heritage | \$8,006,440.48 | \$3,436,206.55 | 42.92% |
| Canadian Forces Grievance Board | \$671,517.49 | \$268,533.83 | 39.99% |
| Parks Canada | \$5,855,828.61 | \$2,334,811.83 | 39.87% |
| RCMP | \$15,479,671.13 | \$6,103,876.23 | 39.43% |
| Status of Women Canada | \$256,591.55 | \$97,228.30 | 37.89% |
| Natural Sciences and Engineering Research Council of Canada | \$1,560,831.92 | \$587,278.30 | 37.63% |
| Department of Finance Canada | \$14,003,802.00 | \$4,756,517.80 | 33.97% |
| Veterans Affairs Canada | \$2,242,967.97 | \$653,154.75 | 29.12% |
| Patented Medicine Prices Review Board | \$632,051.32 | \$179,769.60 | 28.44% |
| Public Sector Integrity Canada | \$313,106.43 | \$88,860.00 | 28.38% |
| HRSDC | \$393,575,955.95 | \$102,465,735.34 | 26.03% |
| Governor General | \$89,968.00 | \$21,300.00 | 23.68% |
| Public Service Labour Relations Board | \$597,650.50 | \$82,875.00 | 13.87% |
| Canadian International Trade Tribunal | \$383,790.33 | \$46,321.10 | 12.07% |
| Canadian Human Rights Tribunal | \$325,947.65 | \$24,855.00 | 7.63% |
| Canadian Grain Commission | \$499,528.63 | \$34,660.00 | 6.94% |
| Veterans Review and Appeal Board Canada | \$65,520.00 | \$0.00 | 0.00% |
| Public Service Staffing Tribunal | \$97,524.75 | \$0.00 | 0.00% |
| Office of the Veterans Ombudsman | \$100,915.50 | \$0.00 | 0.00% |
| Office of the Superintendent of Financial Institutions Canada | \$0.00 | \$0.00 | 0.00% |
| Office of the Correctional Investigator | \$153,181.25 | \$0.00 | 0.00% |
| Canadian Transportation Agency | \$44,200.00 | \$0.00 | 0.00% |

Appendix IV – Number of Contracts by Administrative Unit (Excludes Amendments)

| | |
|---|-------|
| Public Works and Government Services Canada | 4,747 |
| Environment Canada | 3,488 |
| Industry Canada | 2,827 |
| Health Canada | 2,793 |
| Fisheries and Oceans Canada | 1,957 |
| HRSDC | 1,723 |
| Indian and Northern Affairs Canada | 1,660 |
| Transport Canada | 1,523 |
| Agriculture and Agri-Food Canada | 1,341 |
| National Research Council Canada | 985 |
| Foreign Affairs and International Trade Canada | 949 |
| Natural Resources Canada | 703 |
| Citizenship and Immigration Canada | 643 |
| Public Health Agency of Canada | 584 |
| Canada Revenue Agency | 520 |
| Service Canada | 466 |
| Public Safety Canada | 460 |
| Treasury Board of Canada Secretariat | 401 |
| Canadian International Development Agency | 396 |
| Canadian Space Agency | 333 |
| Elections Canada | 306 |
| Privy Council Office | 294 |
| Public Service Commission | 291 |
| Office of the Commissioner of Official Languages | 276 |
| National Defense and the Canadian Forces | 268 |
| Department of Finance Canada | 247 |
| Atlantic Canada Opportunities Agency | 222 |
| Libraries and Archives Canada | 220 |
| Canadian Heritage | 206 |
| RCMP | 199 |
| Western Economic Diversification Canada | 197 |
| Office of the Auditor General of Canada | 192 |
| Canadian Nuclear Safety Commission | 188 |
| Canada Border Services Agency | 186 |
| National Round Table on the Environment and the Economy | 185 |
| Parks Canada | 179 |
| Canadian Radio-Television and Telecommunications Commission | 168 |
| Infrastructure Canada | 139 |
| Canadian Environmental Assessment Agency | 136 |
| Canada Public Service Agency | 135 |

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|--|-----|
| Department of Justice Canada | 122 |
| Privacy Commissioner of Canada | 114 |
| Canadian Food Inspection Agency | 105 |
| Telefilm Canada | 81 |
| Financial Consumer Agency of Canada | 70 |
| Office of the Commissioner for Federal Judicial Affairs | 69 |
| National Parole Board | 60 |
| Veterans Affairs Canada | 55 |
| Canada Economic Development for Quebec Regions | 49 |
| Financial Transactions and Reports Analysis Centre of Canada | 48 |
| Correctional Services Canada | 44 |
| Canada School of Public Service | 40 |
| Natural Sciences and Engineering Research Council of Canada | 37 |
| Canadian Human Rights Commission | 29 |
| National Film Board | 29 |
| Canadian Forces Grievance Board | 27 |
| Supreme Court of Canada | 27 |
| Courts Administration Services | 26 |
| Canadian International Trade Tribunal | 19 |
| Public Service Labour Relations Board | 18 |
| Canadian Grain Commission | 16 |
| Patented Medicine Prices Review Board | 14 |
| Statistics Canada | 14 |
| Canadian Human Rights Tribunal | 13 |
| Status of Women Canada | 13 |
| Commission for Public Complaints Against the RCMP | 12 |
| Canada Industrial Relations Board | 11 |
| RCMP External Review Committee | 11 |
| Hazardous Materials Information Review Commission | 10 |
| Public Sector Integrity Canada | 10 |
| Office of the Correctional Investigator | 7 |
| Governor General | 6 |
| Canadian Artists and Producers Professional Relations Tribunal | 5 |
| Public Service Staffing Tribunal | 5 |
| Office of the Veterans Ombudsman | 4 |
| Canadian Transportation Agency | 3 |
| Veterans Review and Appeal Board Canada | 2 |
| Office of the Superintendent of Financial Institutions Canada | 0 |